

opposing passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7364. Also, resolution of the Kiwanis Club of Charleston, opposing the passage of the bill known as the Evans bill, H. R. 5840; to the Committee on the Public Lands.

7365. Also, resolution adopted by the American Legion, Wyoming County Post, No. 106, Mullens, W. Va., requesting that Congress pay the adjusted-service certificates in full at once without deduction of any interest due on loans already made on such certificates; to the Committee on Ways and Means.

7366. Also, resolutions adopted by Groups 3 and 4 of the West Virginia Bankers Association, opposing the Davis-Kelly bill; to the Committee on Interstate and Foreign Commerce.

7367. Also, letter of the Emmons Hawkins Hardware Co., of Huntington, W. Va., and signed by J. L. Hawkins, vice president and treasurer, opposing as disastrous to the bituminous-coal industry the passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7368. Also, resolution passed by the Norton Safety Club, Norton, W. Va., opposing the passage of the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7369. Also, resolution of the Winding Gulf Safety Club, with a membership of 600, Winding Gulf, W. Va., opposing the bill known as the Davis-Kelly coal bill as detrimental to the bituminous-coal industry; to the Committee on Interstate and Foreign Commerce.

7370. Also, resolution of the Covell Safety Club, Covell, W. Va., representing a membership of 150, opposing the passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7371. Also, letter signed by R. E. L. Quesenberry, of Kimball, W. Va., representing 21 shop employees on the Norfolk & Western, opposing as harmful and dangerous to the bituminous-coal industry the passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7372. Also, letter signed by M. M. Harris, H. F. Brooks, and Grat Rose, of Wilcox, and representing 33 shop employees on the Norfolk & Western, opposing passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7373. Also, resolution adopted by the Whipple Safety Club, Whipple, W. Va., composed of a membership of 300, opposing as detrimental to the bituminous-coal industry the passage of the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7374. Also, resolution passed by the Prudence and Harvey Safety Club, of Harvey, W. Va., with a membership of 330, opposing the passage of the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7375. Also, resolution adopted by the Oakwood Safety Club, of Carlisle, W. Va., with a membership of 350, opposing the passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7376. Also, resolution passed by the Southwestern Virginia (Inc.), of Wytheville, Va., a regional chamber of commerce, opposing the Davis-Kelly coal control bill as interference to a free and competitive selection of suitable coals to meet the requirements of various sections of the country serving that entire section; to the Committee on Interstate and Foreign Commerce.

7377. Also, letter signed by C. H. Woods, H. W. Gillette, R. B. Muncy, J. M. Plymale, and J. C. Brown, all of Kenova, W. Va., and representing 33 shop employees of the Norfolk & Western Railroad, opposing, as interfering with the production and development of the coal industry in the territory served by that railroad, the passage of the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7378. By Mr. SMITH of West Virginia: Resolution of the Mallory Safety Club, Mallory, W. Va., opposing the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7379. Also, resolution of the Landville Safety Club, Landville, W. Va., opposing the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7380. Also, resolution of the Accoville Safety Club, Accoville, W. Va., opposing the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7381. Also, resolution of the Youngstown Mines Safety Club, of Dehue, W. Va., opposing the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7382. Also, resolution of the Jodie Safety Club, of Jodie, W. Va., opposing the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7383. Also, resolution of the Marfrance Safety Club, of Marfrance, W. Va., opposing the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7384. By Mr. WHITE: Petition of citizens of the city of Toledo, Ohio, protesting against legislation before this House to compel Sunday observance; to the Committee on Merchant Marine, and Fisheries.

SENATE

TUESDAY, MAY 3, 1932

(Legislative day of Friday, April 29, 1932)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 460. An act to give war-time commissioned rank to retired warrant officers and enlisted men;

S. 2428. An act to provide for the confirmation of a selection of certain lands by the State of Arizona for the benefit of the University of Arizona;

S. 2967. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Randolph, Mo.; and

S. 3953. An act to amend the act approved February 7, 1927, entitled "An act to promote the mining of potash on the public domain."

The message also announced that the House had passed the following bills of the Senate, each with amendments, in which it requested the concurrence of the Senate:

S. 283. An act to provide for conveyance of a certain strip of land on Fenwick Island, Sussex County, State of Delaware, for roadway purposes; and

S. 3908. An act to amend title 33, chapter 4, section 252, paragraph (a), of the Navigation Rules for the Great Lakes and their connecting and tributary waters.

The message further announced that the House had passed the bill (S. 2396) to amend section 11 of the act approved February 22, 1889 (25 Stat. 676), relating to the admission into the Union of the States of North Dakota, South Dakota, Montana, and Washington, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to a concurrent resolution (H. Con. Res. 24) thanking the Governor of the State of Virginia for the statues of George Washington and Robert E. Lee, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 79. An act to provide for conveyance of a portion of the Liston Range Rear Lighthouse Reservation, New Castle County, State of Delaware, for highway purposes;

H. R. 4709. An act providing for the establishment of a term of the District Court of the United States for the Southern District of Florida at Orlando, Fla.;

H. R. 6688. An act to fix the rates of postage on certain periodicals exceeding 8 ounces in weight;

H. R. 8393. An act providing for payment of \$25 to each enrolled Chippewa Indian of the Red Lake Band of Minnesota from the timber funds standing to their credit in the Treasury of the United States;

H. R. 8578. An act to amend the World War veterans' act, 1924, as amended, by providing allowances for widows and children and dependent parents of veterans of the World War;

H. R. 9306. An act to amend section 99 of the Judicial Code (U. S. C., title 28, sec. 180), as amended;

H. R. 10683. An act to provide for the conveyance by the United States of a certain tract of land to the borough of Stonington, in the county of New London, in the State of Connecticut;

H. R. 10829. An act relating to the naturalization of certain women born in Hawaii;

H. R. 11057. An act to amend section 129 of the Criminal Code of the United States;

H. R. 11337. An act authorizing the Secretary of the Treasury to exchange the Federal building site in Dover, N. J., for another site; and

H. R. 11499. An act for restoring and maintaining the purchasing power of the dollar.

CALL OF THE ROLL

The VICE PRESIDENT. The Senator from North Dakota [Mr. FRAZIER] has the floor.

Mr. FESS. Mr. President, will the Senator from North Dakota yield to enable me to suggest the absence of a quorum?

Mr. FRAZIER. I yield.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Kean	Schall
Austin	Davis	Kendrick	Sheppard
Bankhead	Dickinson	Keyes	Shipstead
Barbour	Dill	Kling	Shortridge
Bingham	Fess	La Follette	Smith
Blaine	Fletcher	Lewis	Smoot
Borah	Frazier	Logan	Steinwer
Bratton	George	Long	Stephens
Broussard	Glass	McGill	Thomas, Idaho
Bulkley	Glenn	McKellar	Thomas, Okla.
Bulow	Goldsbrough	McNary	Townsend
Byrnes	Gore	Metcalf	Trammell
Capper	Hale	Moses	Tydings
Caraway	Harrison	Neely	Vandenberg
Carey	Hastings	Norris	Wagner
Cohen	Hatfield	Nye	Walcott
Connally	Hawes	Oddie	Walsh, Mass.
Coolidge	Hayden	Patterson	Walsh, Mont.
Copeland	Howell	Pittman	Waterman
Costigan	Hull	Reed	Watson
Couzens	Johnson	Robinson, Ark.	White
Cutting	Jones	Robinson, Ind.	

The VICE PRESIDENT. Eighty-seven Senators have answered to their names. A quorum is present.

COMMITTEE SERVICE

Mr. ROBINSON of Arkansas. Mr. President, I ask that the resignation of the Senator from Louisiana [Mr. LONG] from the following committees be accepted: Commerce, Naval Affairs, Manufactures, and Interoceanic Canals.

The VICE PRESIDENT. Without objection, the Senator from Louisiana will be excused from further attendance upon the committees named.

On request of Mr. ROBINSON of Arkansas, and by unanimous consent, it was

Ordered, That the junior Senator from Arkansas [Mrs. CARAWAY] be assigned to service upon the Committee on Commerce; that the senior Senator from North Carolina [Mr. MORRISON] be assigned to service upon the Committee on Naval Affairs; that the junior Senator from Georgia [Mr. COHEN] be assigned to service upon the Committee on Manufactures; that the senior Senator from Missouri [Mr. HAWES] be assigned to service upon the Committee on Interoceanic Canals; and that the junior Senator from North Carolina [Mr. BAILEY] be assigned to service upon the Committee on Military Affairs.

THE PRESIDENT'S 5-DAY WEEK PROPOSAL—PERSONAL EXPLANATION

Mr. ODDIE. Mr. President, this morning the Washington Herald on the first page had the following statement:

Senator ODDIE and Representatives SNELL and TILSON told President Hoover they still hope to put through his 5-day week and payless furlough plan for reducing the Federal pay roll.

An error has occurred in the making of the statement. I did not visit the White House yesterday, and, furthermore, I do not approve of the 5-day week and the payless furlough. I have repeatedly stated my objections to it on the floor of the Senate. I believe it would be disheartening and damaging to the industry of the country, and I believe we can get along better without it.

DEPARTMENT OF COMMERCE CORRESPONDENCE

Mr. McKELLAR. Mr. President, I ask to have placed in the RECORD a letter from the Secretary of Commerce, Hon. R. P. Lamont, in reference to messages concerning his department.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE SECRETARY OF COMMERCE,
Washington, May 3, 1932.

Hon. KENNETH McKELLAR,

United States Senate, Washington, D. C.

MY DEAR MR. SENATOR: During a debate in the Senate last Saturday you asked how many letters or telegrams had been sent out by the Department of Commerce similar to the one you read into the RECORD. The question was not answered.

A search of our files shows a total of 30 in all, divided between eight States, as follows:

State	Telegram	Letter	Total
Tennessee.....	1		1
Louisiana.....	6		6
South Carolina.....	1	5	6
Indiana.....	2	4	6
North Carolina.....		6	6
Texas.....	2		2
Iowa.....		1	1
Wisconsin.....		2	2
Total.....	12	18	30

I can assure you that each one sent out was in reply to a message received.

Sincerely yours,

R. P. LAMONT,
Secretary of Commerce.

DUTY ON SUGAR

Mr. COPELAND. Mr. President, we have a critical condition in my State due to the trouble over the differential between raw and refined sugar. I ask that in the body of the RECORD at this point may be included the short statement which I send to the desk.

There being no objection, the statement was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

STATEMENT BY THE SUGAR INSTITUTE AS OF MAY 2, 1932

If imports of sugar refined in Cuba continue to increase at their present rate the sugar industries of the United States will be destroyed in 10 years. This is the contention of the domestic industries in a brief filed with the United States Tariff Commission for an increase in the duty on refined sugar. The brief emphatically states an increase in duty would not raise sugar prices to the consumer.

Exports to the United States of sugar refined in Cuba have grown from only 1,182 tons in 1925 to 320,987 tons in 1931. Exports from January 1 to March 26, 1932, were 53 per cent greater than exports during the corresponding period of 1931. "If the average rate of increase in the imports of Cuban refined sugar since 1925 is continued," the brief says, "it will take the new Cuban industry only 10 years entirely to supplant the domestic-sugar industries of the United States." These are the beet and cane producers and cane refiners.

In explaining why a higher duty would not raise the price paid for sugar by the United States consumer, the brief directs attention to the competition between the various units of each industry and the competition between the cane-refining industry and the beet-sugar industry.

Any artificial increase in price, it is held, even if such an increase were possible, would nullify by just so much the additional protection afforded by a higher duty. "What the industry asks for," the brief says, "is not a higher price for its product, but a restoration of its lost volume."

In pointing out the serious nature of the Cuban threat to United States labor and investors, the brief states that the domestic-sugar industries operate 173 mills or refineries in 24 States, pay \$37,330,769 annually in salaries and wages, and purchase annually \$521,582,617 worth of materials, fuel, and electric power.

Cuba's ability to supplant the product of the domestic industries, the brief states, is due partly to the fact that the present tariff, instead of affording protection to the domestic-cane refiners actually enables the Cuban refiner to bring his refined sugar into this country upon the payment of less duty than the

domestic-cane refiner must pay on the amount of Cuban raw sugar he requires to produce an equivalent amount of refined.

The brief asserts that the Cuban refiner also has the advantage of lower labor costs, lower taxes, lower land values, transportation rates to markets in this country that in many cases are lower than the domestic refiner must pay to carry his product from the refinery to those same markets.

"Since 1925," the brief says, "Cuba has built seven refineries. In all she now has nine. Eleven more are planned, awaiting only the outcome of the present petition. By employing cheap labor at one-fourth the wages of American labor, Cuban refineries," says the brief, "can entirely supplant the American industries in a few years."

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate resolutions adopted by the Lafayette Clubs of San Francisco, San Rafael, and Santa Rosa, Calif., favoring the passage of legislation legalizing the manufacture and sale of light wines and beer, which were referred to the Committee on Manufactures.

He also laid before the Senate a letter from Charles P. Green, of Hot Springs, S. Dak., urging an investigation of certain charges against the Administrator of Veterans' Affairs and the personnel of the Veterans' Administration, which, with the accompanying papers, was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the Atascadero Woman's Club, of Atascadero, Calif., favoring the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution adopted by the national executive committee of the American Turnersbund, of Pittsburgh, Pa., favoring the adoption of the 6-hour day and the 5-day week so as to diminish unemployment, and also submitting recommendations relative to unemployment relief and other matters, which was referred to the Committee on Education and Labor.

He also laid before the Senate a letter from Frank G. Cunningham, of St. Louis, Mo., in regard to relief in certain cases of life-insurance policies and the investigation of short selling in the stock market, which was referred to the Committee on the Judiciary.

He also laid before the Senate a resolution adopted by the Philanthropy and Civics Club, of Los Angeles, Calif., favoring the passage of legislation making it a crime to advocate or promote the overthrow or destruction of the Government by force or violence, which was referred to the Committee on the Judiciary.

He also laid before the Senate a resolution adopted by the Philanthropy and Civics Club, of Los Angeles, Calif., favoring the passage of legislation strengthening the immigration laws, which was referred to the Committee on Immigration.

He also laid before the Senate a resolution adopted by Veterans of the Revolution Pro-Independist of the Philippines, favoring the independence of the Philippine Islands, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted at Washington, D. C., by the Baltimore Archdiocesan Union of Holy Name Societies, recording their support of the President of the United States and the Congress in the efforts made to stimulate confidence in business institutions and to bring about a renewal of financial and industrial conditions that make for happiness and comfort, which was ordered to lie on the table.

Mr. CAPPER presented a memorial of sundry citizens of Graham County, Kans., remonstrating against the passage of legislation providing for the closing of barber shops on Sunday in the District of Columbia or other restrictive religious measures, which was referred to the Committee on the District of Columbia.

Mr. BARBOUR presented communications in the nature of memorials from Glendora Grange, No. 168, of Como; Milltown Grange, No. 151, of Milltown; Lincoln Grange, No. 136, of Westwood; Sidney Progressive Grange, No. 215, of Sidney; Fenwick Grange, No. 20, of Harmersville; Hamilton Grange, No. 79, of Hamilton Square; Rancocas Grange, No. 131, of Burlington; Swedesboro Grange, of Swedesboro; Monmouth Grange, No. 92, of Freehold; Mickleton Grange,

No. 111, of Mickleton; Saddle River Grange, No. 144, of Saddle River; Cape May Grange, No. 128, of Dias Creek; Olive Branch Grange, No. 142, of Matawan; Mount Bethel Grange, No. 201, of Mount Bethel; Lawrenceville Grange, No. 170, of Lawrenceville; Harrisonville Grange, No. 26, of Woodstown; Aura Grange, No. 122, of Aura; Adelpia Grange, No. 196, of Adelpia; Wayne Township Grange, No. 145, of Preakness; Acquackanonk Grange, No. 183, of Clifton; Columbus Grange, No. 58, of Columbus; Blue Anchor Grange, No. 166, of Blue Anchor; Mount View Grange, No. 137, of Mount View; Allenwood Grange, No. 193, of Allenwood; Centre Grove Grange, No. 57, of Millville; Williamstown Grange, No. 85, of Williamstown; New Market Grange, No. 152, of New Market; Cedarville Grange, No. 34, of Cedarville; Vernon Valley Grange, No. 134, of Vernon; Franklin Grange, of Wyckoff; and Washington Grange, No. 117, of Washington, all in the State of New Jersey, remonstrating against the imposition of additional taxes upon the automobile industry, which were referred to the Committee on Finance.

Mr. COPELAND presented a resolution of members of the North River Presbyterian Society of the State of New York, praying for action looking to protection of the reindeer in Alaska for the Esquimos, which was referred to the Committee on Territories and Insular Affairs.

He also presented a resolution of the Aeries of Southwestern Washington, Fraternal Order of Eagles, favoring the enactment of legislation providing for the establishment of Federal home loan banks, which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by the Ca-Choo Club, of Sault Ste. Marie, Mich., requesting an investigation of the cause and prevention of hay fever, which was referred to the Committee on Commerce.

He also presented a resolution adopted by the board of directors of the Manufacturers' Association of Syracuse, and a petition of citizens of Cazenovia, in the State of New York, praying for the modification of the national prohibition law, which was referred to the Committee on the Judiciary.

He also presented a resolution of the Central Supply Association, of Chicago, Ill., favoring retrenchment in governmental expenditures, which was referred to the Committee on Appropriations.

He also presented a memorial of sundry citizens of Yonkers, N. Y., remonstrating against reductions in salaries or curtailment of privileges of Federal employees, which was referred to the Committee on Appropriations.

He also presented a resolution of the Dryden Aggies, Chapter No. 37, Dryden High School, of Dryden, N. Y., favoring moderate reductions in appropriations and opposing curtailment of the appropriations for agricultural extension and vocational education, which was referred to the Committee on Appropriations.

He also presented a petition in the form of a resolution adopted by Fleet Reserve Association, Branch No. 26, of New York City, N. Y., and a petition of citizens of the State of New York, praying for the enactment of legislation providing for the cash payment of World War veterans' adjusted-compensation certificates, which were referred to the Committee on Finance.

He also presented a resolution adopted by Ithaca Post, No. 221, the American Legion, of Ithaca, N. Y., remonstrating against the enactment of the so-called Patman soldiers' bonus bill, which was referred to the Committee on Finance.

He also presented resolutions adopted by Canandaigua Post, No. 256, and Ralph Baldwin Post, No. 845, the American Legion, of Canandaigua and Frankfort, N. Y., respectively, remonstrating against the passage of legislation curtailing the benefits accorded to World War veterans, which were referred to the Committee on Finance.

He also presented a memorial of sundry citizens of the State of New York remonstrating against the imposition of taxes on automobiles, motor trucks, parts, accessories, gasoline, and lubricating oil, which was referred to the Committee on Finance.

He also presented resolutions adopted by the Mercer Club, of Buffalo, N. Y., remonstrating against the imposition of taxes on the automotive industry and allied industries and favoring the manufacturers' sales tax in lieu thereof, which were referred to the Committee on Finance.

TAXES ON GRAPE JUICE AND CONCENTRATES

Mr. WAGNER presented a telegram from C. D. Champlin, of Hammondsport, N. Y., which was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

HAMMONDSPORT, N. Y., April 29, 1932.

HON. ROBERT F. WAGNER,

Senate Office Building, Washington, D. C.:

In considering the taxation of grape juice and concentrates may we call your attention to fact that the grape industry is practically bankrupt, and that any extreme taxation will restrict present markets. The forced use of benzoate of soda as a preservative will further curtail markets by preventing the use of grape products in the baking and allied industries. We are in a bad way and, while desirous of assuming our just share, ask that the committee give regard to our present state.

C. D. CHAMPLIN.

AMENDMENT OF THE BANKRUPTCY ACT

Mr. FLETCHER presented minutes of a special meeting of the Dade County (Fla.) Bar Association, which were referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

A special meeting of the bar association was held in the circuit court room, Miami, Fla., Thursday, April 28, 1932, at 4 p. m., in pursuance of a regular call.

M. L. Mershon, president, presided, and declared that a quorum existed. He announced that the purpose of the meeting was to consider the proposed amendment to the national bankruptcy act, Senate bill No. 3866, House bill No. 9968, and called upon Herbert U. Feibelman, chairman of the bankruptcy committee, to submit a report which it had. Mr. Feibelman thereupon read the report, as follows:

"We, your standing committee on bankruptcy, beg leave to report as follows:

"There is pending before Congress an amendment to the national bankruptcy act, being Senate bill No. 3866, House bill No. 9968, known as the administration bill. Your committee has carefully read the measure; and while all of its features have not been thoroughly digested, your committee is prepared to say that such an innovation in the practice, not only in this country but elsewhere, should not be undertaken without the most thorough consideration and study.

"Many of the features of the proposed measure appear to your committee to be charged with possible difficulties and are of doubtful worth. Your committee is not prepared to approve the creation of a special bankruptcy bureau, with numerous high-priced officials answerable only to a bureau in Washington, resulting, it would seem, in a division of responsibility, which would tend to open the gateway to fraud, rather than centralize responsibility and prevent fraud.

"Your committee believes that the features of suspending the discharge of a bankrupt subject to the surveillance of nonresident officials of the new bankruptcy bureau would tend in great measure to prevent the economic recovery of failing merchants and not promote the morale of the citizenship. Your committee believes it to be the purpose of the bankruptcy act to rehabilitate the weak and strengthen those who, through circumstances beyond their control, have unfortunately failed in business. The proposed act, in its effort to apprehend the fraudulent merchant, necessarily would prevent many good citizens from starting life anew after an unfortunate failure.

"Your committee believes that the greatly increased costs through fees allowed officials of the bankruptcy court are hardly justified by the experience in this jurisdiction, where the compensation allowed such officials has been considered ample, and your committee believes that these additional burdens upon bankruptcy administration would deter rather than encourage the use of the act, and would defeat one of its main purposes—the prompt, orderly, and economic liquidation of insolvent estates. Your committee expresses full confidence in the Federal courts to administer insolvent estates under the existing bankruptcy act, as last amended, and believes that the proposed amendment was patterned more nearly in the light of the peculiar and abhorrent conditions that did obtain in certain eastern bankruptcy courts than in the light of conditions throughout the country, particularly in south Florida.

"We do not believe that the bench and bar of the Federal court, generally, has become so abject as to require the denial of responsibility under the proposed amendment; and we, therefore, recommend to the bar association the adoption of the following resolution:

"Be it resolved by the Dade County Bar Association, in meeting regularly assembled, That it is the sense of this organization that the proposed amendment to the national bankruptcy act, being Senate bill No. 3866 and House bill No. 9968, provides such a drastic innovation in bankruptcy administration as warrants the careful and extended study of Congress and interested persons before its

adoption as law; that the added expenses of administration provided by the law, as well as other features, tend to discourage rather than encourage the use of the act, and would not only increase the cost of administration but would diminish the returns to creditors and promote fraud; that this association considers the creation of a bankruptcy bureau without assurance of added efficiency in bankruptcy administration, but with a division of responsibility rather than a centralization thereof, and with full confidence in the integrity and ability of the Federal bench and bar, this association urges that Congress permit the present law to remain until, after careful study and investigation, actual improvements in the methods of bankruptcy administration have been devised and demonstrated.

"Respectfully yours,

"HERBERT U. FEIBELMAN, Chairman.

"RUDOLPH ISOM.

"HOWARD W. MCCAY.

"H. H. TAYLOR.

"L. EARL CURRY."

Mr. Feibelman thereupon explained some of the major innovations in the proposed amendment, and was followed by L. Earl Curry, referee in bankruptcy, who spoke in disapproval of the pending legislation, condemned the bill as increasing the costs of bankruptcy administration and adding to the power of central government, without promise of added efficiency in bankruptcy administration. He predicted that if the bill were enacted into law the cost of administration would be increased from 30 to 50 per cent, and liquidation of insolvent estates would be greatly delayed. He stated that he knew of no referee or Federal judge who favored the plan, but all who, to his knowledge, have expressed themselves, were strongly opposed to it.

Thereupon it was regularly moved and carried that the report of the bankruptcy committee be approved, that the resolution be adopted, and that copies thereof be supplied to the press, to each member of the committees from the House and Senate having before them the pending administration bankruptcy bill, and to each Member of the House and Senate of the Florida delegation. Mr. Feibelman having announced his presence in Washington May 3, 1932, to testify before these congressional committees, it was regularly moved and carried that he be authorized to represent the Dade County Bar Association in submitting to these committees a transcript of the proceedings of this meeting, with a copy of the resolution adopted.

There being no further business, the meeting was, on motion duly made and carried, adjourned.

CHAS. A. MOREHEAD, Secretary.

We, M. L. Mershon, president, and Charles A. Morehead, secretary, of the Dade County Bar Association, do hereby certify that the foregoing pages numbered 1 to 3, both inclusive, constitute a true and correct transcript of the minutes of the Dade County Bar Association held in Miami, Fla., April 28, 1932, at 4 p. m.

In witness whereof we have hereunto set our hands and the official seal of this organization at Miami, Dade County, Fla., this 29th day of April, A. D. 1932.

M. L. MERSHON, President.

Attest:

CHAS. A. MOREHEAD, Secretary.

REPORTS OF COMMITTEES

Mr. WATERMAN, from the Committee on the Judiciary, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 931. An act to amend a part of section 1 of the act of May 27, 1908, chapter 200, as amended (U. S. C., title 28, sec. 592) (Rept. No. 631);

S. 933. An act to amend section 1025 of the Revised Statutes of the United States (Rept. No. 632); and

S. 940. An act to provide against misuse of official badges, identification cards, and other insignia designed for the use of public officers (Rept. No. 633).

Mr. WAGNER, from the Committee on Foreign Relations, to which was referred the bill (S. 3375) for the relief of Wiener Bank Verein, reported it without amendment and submitted a report (No. 634) thereon.

Mr. METCALF, from the Committee on Education and Labor, to which was referred the resolution (S. Res. 186) favoring an expression on Mother's Day of our love and reverence for motherhood, reported it without amendment.

AMENDMENT OF THE NATIONAL PROHIBITION ACT—ALCOHOLIC LIQUORS

Mr. HATFIELD, from the Committee on Manufactures, to which were referred the following bills, reported them adversely and submitted an adverse report (No. 635) thereon:

S. 436. An act to amend the national prohibition act, as amended and supplemented, in respect to the definition of intoxicating liquor; and

S. 2473. An act to provide for increasing the permissible alcoholic content of beer, ale, or porter to 3.2 per cent by

weight, and to provide means by which all such beer, ale, or porter shall be made of products of American farms.

Mr. METCALF submitted the views of the minority of the Committee on Manufactures to accompany the bill (S. 436) to amend the national prohibition act, as amended and supplemented, in respect to the definition of intoxicating liquor, reported adversely from that committee, which were ordered to be printed as part 2 of Report No. 635.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WAGNER:

A bill (S. 4553) for the relief of Elizabeth Millicent Tram-mell; to the Committee on Foreign Relations.

By Mr. SHEPPARD:

A bill (S. 4554) authorizing the Fort Hancock-Porvenir Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Rio Grande at Fort Hancock, Tex.; to the Committee on Commerce.

By Mr. NORRIS:

A bill (S. 4555) for the relief of Edwin Horton; to the Committee on Military Affairs.

By Mr. TYDINGS:

A bill (S. 4556) granting an increase of pension to Anna M. Sipple (with accompanying papers); to the Committee on Pensions.

By Mr. FRAZIER (by request):

A bill (S. 4557) to authorize the addition of certain names to the final roll of the Sac and Fox Indians of Oklahoma; to the Committee on Indian Affairs.

By Mr. ROBINSON of Indiana:

A bill (S. 4558) granting an increase of pension to Nancy Jane Albright (with accompanying papers); to the Committee on Pensions.

A bill (S. 4559) to amend sections 10 (b) and 16 of the Federal reserve act, as amended; to the Committee on Banking and Currency.

By Mr. COHEN:

A bill (S. 4560) granting an increase of pension to Paul O. Brownlee; to the Committee on Pensions.

By Mr. McKELLAR:

A bill (S. 4561) granting a pardon to Lieut. Thomas S. Massie, Mrs. Granville Fortescue, Albert O. Jones, and E. J. Lord; to the Committee on the Judiciary.

A bill (S. 4562) for the relief of Frank J. Miller (with an accompanying paper); to the Committee on Claims.

By Mr. GLENN:

A bill (S. 4563) for the relief of Roy Beavers; to the Committee on Claims.

By Mr. FLETCHER:

A bill (S. 4564) to authorize the transfer to the Department of Florida, United Spanish-American War Veterans (Inc.), of certain Federal funds now on deposit in the name of Cary A. Hardee, Governor of the State of Florida, in the Lewis State Bank, of Tallahassee, Fla., and providing for the distribution and use of such funds; to the Committee on Military Affairs.

By Mr. SMOOT:

A joint resolution (S. J. Res. 153) providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska; to the Committee on Mines and Mining.

REVENUE AND TAXATION—AMENDMENT

Mr. CAREY submitted an amendment intended to be proposed by him to House bill 10236, the revenue and taxation bill, which was referred to the Committee on Finance and ordered to be printed, as follows:

On page 31, after line 3, insert the following:

"(w) Real estate acquired by State banks as security for loans: So much of the cost of real estate owned by a State bank or a domestic building and loan association not exempt from taxation under this title, as is charged off within the taxable year in obedience to the specific orders or general policy of the officers of the State having supervision over such bank or association. In de-

termining gain or loss from the subsequent sale or other disposition of such real estate the adjusted basis provided in section 113 (b) shall be reduced by the amounts so charged off."

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated below:

H. R. 4709. An act providing for the establishment of a term of the District Court of the United States for the Southern District of Florida at Orlando, Fla.;

H. R. 9306. An act to amend section 99 of the Judicial Code (U. S. C., title 28, sec. 180), as amended; and

H. R. 11057. An act to amend section 129 of the Criminal Code of the United States; to the Committee on the Judiciary.

H. R. 6688. An act to fix the rates of postage on certain periodicals exceeding 8 ounces in weight; to the Committee on Post Offices and Post Roads.

H. R. 8393. An act providing for payment of \$25 to each enrolled Chippewa Indian of the Red Lake Band of Minnesota from the timber funds standing to their credit in the Treasury of the United States; to the Committee on Indian Affairs.

H. R. 8578. An act to amend the World War veterans' act, 1924, as amended, by providing allowances for widows and children and dependent parents of veterans of the World War; to the Committee on Finance.

H. R. 79. An act to provide for conveyance of a portion of the Liston Range Rear Lighthouse Reservation, New Castle County, State of Delaware, for highway purposes; and

H. R. 10683. An act to provide for the conveyance by the United States of a certain tract of land to the borough of Stonington, in the county of New London, in the State of Connecticut; to the Committee on Commerce.

H. R. 10829. An act relating to the naturalization of certain women born in Hawaii; to the Committee on Immigration.

H. R. 11337. An act authorizing the Secretary of the Treasury to exchange the Federal building site in Dover, N. J., for another site; to the Committee on Public Buildings and Grounds.

H. R. 11499. An act for restoring and maintaining the purchasing power of the dollar; to the Committee on Banking and Currency.

CONSERVATION—ADDRESS BY SENATOR WAGNER

Mr. COPELAND. Mr. President, I ask that there may be inserted in the RECORD a radio address delivered by my colleague the junior Senator from New York [Mr. WAGNER] on April 23, 1932, on the subject of conservation.

The VICE PRESIDENT. Without objection, it is so ordered.

The address is as follows:

On the 14th of March the United States Senate passed a resolution I had submitted, which reads as follows:

"Whereas under the inspiring leadership of President Cleveland it became the settled policy of this Nation to conserve its natural resources; and

"Whereas the establishment of an American conservation week will have the desired effect of bringing the American people to realize in the words of that great conservationist, President Roosevelt, that 'the conservation of our natural resources and their proper use constitute the fundamental problem which underlies almost every other problem of our national life': Therefore be it

"Resolved by the Senate (the House of Representatives concurring), That the President of the United States is requested to issue each year a proclamation designating the first week in April as American conservation week, and inviting the people of the United States to observe that week in schools, churches, museums, parks, and other suitable places, with ceremonies appropriate to the occasion."

That resolution is now pending in the House of Representatives. I hope it will secure the approval of the House before the end of the present session.

What prompted me to submit this resolution was the realization that we had permitted the policy of conservation to become the specialized science of the expert and the hobby of the sportsman. Conservation was losing contact with the great body of our citizens at the very time that it needed intelligent support and vigorous assistance.

Only a few months ago a committee of the United States Senate, after extensive investigation, sounded this sharp warning:

"Your committee finds convincing evidence of a rapid disappearance of wild life. The evidence supporting this conclusion

comes from every source. It is not disputed. * * * The alarm of the conservationist, sportsman, fisherman, recreationist, and hunter has never been greater than at the present period."

That report of the Senate committee does not exaggerate the gravity of the risk we are running.

Should we permit the various forms of wild life upon this continent to disappear, we shall be guilty of destroying one of the greatest gifts of this bountiful continent. Nothing man has yet invented compares with the power of wild nature to refresh our souls, widen our vision, restore our strength, and calm our nerves when they are shattered and frayed by the fast pace of modern business activity.

There was a time not so long ago when our cities were but tiny islands of civilization sprinkled across a continent rich in natural and untamed life. At that time we had to protect ourselves against the jungle. All that has now changed. The time has come when we must preserve a portion of the jungle and the wilderness and protect the plant and animal life that can thrive only in the wilderness, so that we may have the means of satisfying the deep-seated yearning of mankind for contact with the great out of doors.

This aspect of conservation—namely, the need of providing for ourselves and for those who come after us free and easy access to opportunities to re-create their energies—is, in my judgment, by far the most important phase of wild-life conservation. But it is by no means the only one.

There is a business aspect to conservation. It is estimated that there are in the United States about 13,000,000 sportsmen who resort to the great outdoors for their recreational activities. Their expenditures for that purpose exceed \$650,000,000 a year. Their purchases finance a major industry, an important branch of our national economy, which deserves to be cultivated like any other branch of the Nation's economic effort.

Furthermore, the direct contribution of the various forms of wild life by way of food and clothing exceeds \$150,000,000 in value.

We know only too well that many forms of bird life and animal life have entirely or practically disappeared from the continent because conservation was only a word—not a practice. Our present problem is therefore not merely to preserve what has remained but in many cases to replenish the wastage that has occurred in the past. Our duty is to make certain that not only we but those who follow us may enjoy a fair share of the natural riches of this continent.

The scope of conservation is wide enough to embrace every natural asset, such as oil, coal, and water power, and the wild life of the forest and prairie. Conservation implies a governmental policy with respect to each of them.

The first practical expression of the policy of conservation with respect to wild life was the action of the State of Maine in 1843 in appointing a number of official game protectors. To-day every State of the Union except Mississippi has a bureau charged with the duty of conserving its fish and game resources for the benefit of the people of the State.

The Federal Government began its conservation activities by establishing the Bureau of Fisheries in 1871. To-day we have, in addition to that bureau, three more actively engaged with the practical problems of conserving wild life. They are the Bureau of Biological Survey, the National Forest Service, and the National Park Service.

For the special protection of the migratory birds we have entered into a treaty with Canada. That problem has not, however, as yet been solved. All admit that there has been a diminishing supply of migratory waterfowl. Last year the situation had to be met by the drastic curtailment of the duck season. The controversy as to cause of the shrinkage in the number of these fine birds has not yet subsided. We have a great and valuable natural asset in these migratory birds, which should be preserved. I believe we should inaugurate a thoroughgoing study of the conditions surrounding their entire circuit from the breeding areas in Alaska down to Central America. Only by the use of facts can we properly solve the problem of the migratory waterfowl.

Another conservation problem that calls for the attention of the Federal Government is that of water pollution. Many of our inland and coastal waterways have been reduced to such a condition as practically to make impossible the continuance of any forms of aquatic life within them. The problem calls for further study and for stringent regulation, to the end that commerce may be accommodated and that the natural resources of the water systems of the United States may be preserved.

All of the objectives of conservation would be furthered by a closer coordination of the activities of the principal bureaus of the Federal Government engaged in fish and game preservation. The national forests and the national parks can be more intensively utilized than they have been for game replacement. It would also be well if the State conservation offices and the Federal bureaus engaged in conservation activities were more frequently brought into contact and into cooperation. One of the immediate essentials both for the States and the Federal Government is the provision of a larger personnel for the enforcement of the many salutary laws and regulations which have already been placed upon the statute books for the protection of wild life in America.

It is apparent that conservation is not only a policy of government—not only a specialized art and science—but that it must also become a habit of citizenship. The policy of conservation will not prevail unless it finds favor and support with

the great body of American sportsmen and with the citizens generally.

It is for that reason that I hail the conservationists of America who are devoted to the cause of educating the public to the ideals and purposes of conservation, namely, the perpetuity of our wild life and the most economical use of our natural resources so that it may be reasonably certain that future generations will share with us in their enjoyment. I thank you.

DEBTS AND TAXES

Mr. LOGAN. Mr. President, I ask that there may be printed in the RECORD an article by Mr. C. T. Revere appearing in the Review of Reviews for May, 1932, entitled "Our Taxes: The Bills We Pay for Politics."

The VICE PRESIDENT. Without objection, it is so ordered.

The article is as follows:

OUR TAXES: THE BILLS WE PAY FOR POLITICS

By C. T. Revere

After the country begins to recover from the shock of seeing the United States Treasury faced by the threat of an unbalanced Budget, with its implication of a cloud upon national credit, it will be interesting to observe the public reactions, as well as the effect of those reactions upon our future policies.

In former fiscal crises the plight of an oppressed citizenry was portrayed in this burning epigram: "The power to tax is the power to destroy."

We have gone far since then, and our experience has taught us something. If we were to try to outline the present impasse, we would say: "The power to spend is the power to consume"—like a devastating fire. For in many respects the toll exacted from an energetic and resourceful people has found its vent in waste. It has gone up the economic smokestack in the form of outlays on farm relief, Shipping Board facilities, bonus payments to ex-service men, prohibition enforcement, and for other purposes, leaving no more trace upon our national landscape than a melting April snow.

Former President Coolidge, in his recent Saturday Evening Post article, Debts and Taxes, places the Nation still further under obligation to him by his exposition of this vexed problem. Surveying our floundering from "the loopholes of retreat," his penetrating discussions and wise counsel give him the stature and dignity of the Marcus Aurelius of the American Republic.

Mr. Coolidge evidently regards some aspects of this question as rating higher in importance, if possible, than the balancing of our Budget by increased taxation. Chief among these is the mounting cost of government. The figures quoted by Mr. Coolidge are largely those prepared by the National Industrial Conference Board. It was pointed out that in 1930 the approximate total cost of government—including National, State, and local expenditures—was \$1,570,000,000. That was one year less than 30 years ago.

In 1930 our governmental indebtedness—national, State, and municipal—had climbed to more than \$30,000,000,000. Our taxes had mounted to \$10,251,000,000. But even those levies, the most stupendous that ever faced any nation in history, fell short of what we spent, as total expenditures reached \$13,058,000,000, thus implying an increased indebtedness to the extent by which expenditures exceeded taxes.

These figures are terrifying enough, but they do not tell the story as it stands to-day. As Mr. Coolidge pointed out, our tax bill of 1930, amounting to \$10,251,000,000, consumed 14.4 per cent of our national income. It was about 3 per cent of our total national wealth, and as such it approached dangerously near to the proportions of a capital tax—a levy that points to the broad highway leading to progressive national collapse.

But what about 1932? Total national, State, and local taxes will far exceed the levies of two years ago. When the returns are all in, the combined tax bill—not tax collections—probably will exceed \$12,000,000,000. On the other hand, our national income, all of us will agree, has shown a distressing shrinkage since the days of 1930. We are likely to find out that our tax bill of 1932 will approach 30 per cent of the Nation's income. What percentage of our diminished national wealth is represented by such a toll? It is perhaps just as well that we do not know. The mere conjecture is appalling.

These exhibits should show us that we have in the offing certain problems transcending in importance even the urgent necessity of balancing our Budget by unearthing new sources of governmental revenue. Supreme among these is the necessity for a reduction in expenditures. No nation, however energetic and resourceful, no matter how bountifully favored by natural conditions, can permanently stand such a burden.

The debt charges alone call for an impost that is staggering. One glance at the cost of State and municipal government will convince us of this. These expenses in 1930 had climbed to \$9,116,000,000. Interest took \$1,481,000,000, and debt reduction absorbed another \$1,126,000,000. Here we have a total in excess of \$2,600,000,000. In other words, in 1930 the charges for interest and debt reduction, merely overhead items, cost our States and cities over a billion more than it took to run Federal, State, and municipal Governments in 1903. This is a change that has taken place in 27 years.

All of us admit the need of meeting an emergency, and the imperative necessity of balancing the Budget when the Nation's credit is at stake. However, if one is to judge from the character of protests now coming from all sections of the country, the clear—though perhaps subconscious—conviction of the business community is that the supreme fiscal calamity would not be our failure to balance the Budget, but our success in balancing it by the levy of high taxes while sustaining the present scale of public expenditure. We might collect such taxes for one year, possibly two; but we would not carry the burden for any extended period of time.

Before we get through with problems involving revenues, outlays, appropriations, expenditures, excise duties, direct taxes, indirect taxes, sales taxes, etc., we are likely to be confronted by queries to which we never before have given practical attention.

Among the misgivings that will express themselves in interrogative form one might enumerate the following which will have to be developed into settled fiscal policies before we are through with our troubles:

1. Is not a large part of our present distress due to the tendency of our political leaders to formulate taxing policies that will lead to social and economic equalization? Inheritance and estate taxes, levies of a more onerous nature in the higher brackets of income-tax administration, may be given as examples.

2. When we look at the items that have thrown our fiscal system out of gear, do we not find that these huge outlays were made to placate politically powerful elements, and that our political leaders, in yielding to high-pressure propaganda, virtually have dipped their own hands into the Public Treasury to maintain their political existence and prestige?

3. In the last 20 years or so we have added enormously to the number of Government bureaus, many of which perform overlapping functions; and salaries have been advanced in keeping with the rising cost of living. Does the failure to dispense with superfluous agencies or to reduce the salaries of governmental employees in keeping with the lowered cost of living, mean that the country is now saddled with a bureaucracy that can scoff at the distress of the American taxpayer?

4. When we come to consider the sources of revenue, are we not likely to find that the Federal tax structure has marked elements of fundamental weakness, and that we have been relying too much upon sources of income that were uncertain and subject to dangerous and troublesome variations? The present form of administration of our income tax furnishes a case in point. Two years and more of depression have shown that we can not safely depend upon a levy obtained from such a relatively small group whose individual fortunes are subject to such appalling fluctuations.

5. If we broaden the base of our income-tax levy, will we not find at least three most salutary results ensuing therefrom: (a) A more stable source of revenue, subject to less sweeping variations; (b) a keener sense of responsibility among our citizens toward public expenditures; and (c) a consequent and most wholesome restraint upon Congress in respect to appropriations from the Public Treasury?

Undoubtedly there are many other queries that will arise in the public mind, and all should work eventually toward the development of a sounder fiscal program, less extravagance on the part of Nation, State, and city, and the formulation of taxation policies that will be more equitable and produce the minimum of unfavorable reactions upon our capital structure.

At the moment the interest of the Nation is concentrated upon the position of the United States Treasury. The formula setting forth both the misgivings and the amazement of the American people may be expressed largely as follows: What created the deficit? The answer is simple. Revenue sources broke down at a time when expenditures were exceeding all peace-time precedents.

Revenue proved to be disappointing because of the fluctuating character of its source. Only a year ago the official Treasury forecast saw a deficit in 1931 of approximately \$180,000,000. It estimated that for 1932 there would be a surplus of \$30,000,000, with no apprehension expressed that for 1933 the Treasury position would be anything but comfortable.

In order to show the unforeseen difficulties confronting the Treasury officials, it might be stated that the deficit for 1931 was nearly a billion dollars and that for 1932 it will be in the neighborhood of \$2,150,000,000. It now appears that the estimate made a year ago of revenue from income taxes for the current fiscal year was about \$1,140,000,000 more than will be obtained. This experience alone should demonstrate the fallacy of placing major reliance on a source of revenue that can dwindle with such disconcerting rapidity.

The items causing the deficit can be picked out of the second and third pages of the report of the House Ways and Means Committee on the revenue bill of 1932. Since the fiscal year 1930, when we last had a balanced Budget, there is an estimated decline in corporate and individual income taxes alone from approximately \$2,200,000,000 to \$250,000,000. This is a loss of \$1,350,000,000. Total revenue from all sources shows a drop from \$4,178,000,000 to \$2,242,000,000, a decline of almost \$2,000,000,000. The item of "miscellaneous receipts" shows a drop from \$552,000,000 in 1930 to \$265,000,000 in 1932. Most of this is explained by the current year's moratorium on foreign-debt payments.

If one is looking for extraordinary items of expense for 1932, he can find them in an extra appropriation of \$200,000,000 for loans to veterans, \$155,000,000 actual advances by the Federal Farm Board, a postal deficit of \$195,000,000, and an item of \$784,000,000

for the Veterans' Administration. This latter is in addition to the extra \$200,000,000 in loans.

In connection with the allocation of the Veterans' Administration some interesting testimony was given by General Hines in the hearings on the independent offices appropriation bill.

Up to the beginning of 1932, \$1,284,000,000 actually had been loaned. Only a comparatively small portion of this shows up in the budgetary estimates, for the reason that since the adjusted-service certificate act was passed, in 1924, approximately \$112,000,000 had been appropriated each year to this fund. The fiscal effect has been to retire the outstanding public debt by that amount and place it in the fund in the form of Government bonds bearing interest. When the loan legislation went through, these bonds (or, rather, marketable bonds as substitutes) were sold. Thus, while this \$1,200,000,000 figure did not show up either in the public debt statement or in the Budget, except as already indicated, the Treasury had to borrow that much money.

In the official statement of the Ways and Means Committee report and elsewhere, on expenses for the current fiscal year, no mention is made of withdrawals from the Treasury by the Reconstruction Finance Corporation or by the Farm Loan Board on the new \$125,000,000 appropriation. The first quarterly report of the Reconstruction Finance Corporation shows that \$238,000,000 of loans had been authorized up to March 31, of which \$192,000,000 actually have been withdrawn from the Treasury.

Among the expenditures it is just as well to bear in mind the donation of the United States Government to the various States for road construction, included in the expenditures of the Department of Agriculture. The actual money available for this purpose during the fiscal year 1932 is around \$160,000,000. The system employed in making these disbursements is interesting. It also may be confusing to the uninformed American taxpayer. For several years Congress appropriated \$75,000,000 a year, and two years ago they raised the figure to \$125,000,000. For the past two years the expedient has been adopted of "edging up" on future appropriations, granting in advance the money that the States might expect in future years. The actual expenditures for the current fiscal year thus approximate \$160,000,000.

No business enterprise in a period of declining earnings and with an unfavorable outlook would think of following any other program than that of drastic retrenchment. There is little indication that such a course will be followed in respect to Government expenditures. Governmental economy presents our most baffling problem. There are plenty of protests against specific taxes, but there are few specific recommendations when it comes to instituting economies. The President has made a general appeal for the practice of economy, and this was met by a challenge by Congress to show where curtailment could be put into effect. The latest development has been a joint proposal for a slash amounting to \$160,000,000 as a result of conferences between the Executive and House leaders.

Just why the salaries of Federal employees should be considered immune from downward revision, when practically every other element in the community has suffered radical curtailment of income, is one of the unsolved mysteries of politics. Another enigma that passes understanding is the immortality of bureaus that long since have outlived their stage of usefulness and still show no signs of disintegration.

Government could learn something from business in the matter of devising economies. Individual business would compare present with past expenses and endeavor to ferret out the items responsible for the increased outlay. The pruning knife would be applied to such increases unless it could be shown that they were productive or otherwise imperatively essential to the conduct of operations.

No better illustration of how well-managed private concerns would proceed can be furnished than to present a portion of the letter issued on April 8 by Lamont du Pont, president of E. I. du Pont de Nemours & Co. In this letter Mr. du Pont gave a tabulation, reproduced on next page, prepared from the latest annual report of the Secretary of the Treasury, comparing governmental expenditures by main subdivisions for the fiscal years 1927 and 1932.

In offering this formidable exhibit President du Pont made the following comment:

"To finance these ever-increasing disbursements, Congress is now planning huge additional taxes to be paid for out of the already shrunken income of prostrate industry and individuals.

"Taxes levied upon corporations and other producers increase the cost of their products. Higher costs lessen sales, slow down industry, increase unemployment and want; all of which drive costs still higher and further increase distress. Taxes upon individuals have a similar effect by curtailing their capacity to purchase the products of industry.

"It is lower costs and higher purchasing power which we need to-day, perhaps more than ever in our history. Why are industries and individuals, which must reduce their expenditures to meet the depressed conditions, saddled with ever-mounting taxes to cover the ever-increasing expenditures of the National Government? Why should the confidence in the financial security of the Government itself be jeopardized by extravagance? Why does not Congress balance the Budget by reduction of expenditures through efficient operation and the curtailment of non-essential services and functions?"

Washington opinion, which perhaps is too close to the scene, is decidedly cynical on the subject of Government economies. In its April issue, the *National Sphere* (Washington) said: "The

most pathetic thing in Washington at the moment is the movement to reduce Government expenditures. It is pathetic because it is making a loud noise and no progress. Were the matter not such an extremely serious one for the welfare of the American people, the situation would be little short of ridiculous. As it is, there is a lesson: The reduction of expenditures on projects and agencies once started is an impossibility. There is also a moral: Don't start new governmental projects or agencies."

Such cynicism is too tragic. If it has even a modicum of verity, it questions the fundamental validity of democracy. It makes a farce of Lincoln's noble panegyric at Gettysburg, and warns of our vanishing birthright—that this Republic is fast becoming a Government of the politicians, by the politicians, and for the politicians.

	1927	1932	Increase	Increase
				Per cent
Total expenditures.....	\$3,493,600,000	\$4,482,200,000	\$988,600,000	28
Less interest and sinking-fund payments (statutory).....	1,120,500,000	1,016,800,000	103,700,000	19
Less miscellaneous, not included in major departments.....	409,100,000	270,300,000	138,800,000	34
Balance which was expended by major departments, commissions, etc., as follows.....	1,964,000,000	3,195,100,000	1,231,100,000	63
Department of Agriculture.....	156,300,000	333,500,000	177,200,000	113
Agricultural marketing fund—net (Farm Board).....	27,300,000	155,000,000	127,700,000	614
Post office deficit.....	151,600,000	312,900,000	161,300,000	106
Treasury Department.....	360,800,000	483,700,000	122,900,000	34
War Department.....	318,900,000	378,900,000	60,000,000	19
Navy Department.....	19,000,000	60,800,000	41,800,000	224
Shipping Board.....	24,800,000	53,800,000	29,000,000	117
Department of Justice.....	30,900,000	54,700,000	23,800,000	77
Department of Commerce.....	35,400,000	57,600,000	22,200,000	63
Other independent offices and commissions.....	19,700,000	32,400,000	12,700,000	64
Legislative establishment.....	9,900,000	14,100,000	4,200,000	42
Department of Labor.....	115,200,000	200,000,000	84,800,000	74
Adjusted-service certificate fund Veterans' Bureau (Veterans' Administration since 1930).....	391,500,000	784,400,000	392,900,000	100
Interior Department.....	302,700,000	78,300,000	224,400,000	74
Total of major departments, commissions, etc.....	1,964,000,000	3,195,100,000	1,231,100,000	63

¹ Indicates decrease.

² Since the Bureau of Pensions was transferred from the Interior Department to the Veterans' Bureau in 1931, in order to make a fair comparison with 1927 it is necessary to combine the expenditures of the Interior Department and the Veterans' Bureau for each period, which results in an increase in expenditures in those two divisions of \$168,500,000 for 1932 as compared with 1927.

TAXES AND GOVERNMENTAL EXPENDITURES

Mr. LOGAN. Mr. President, I ask permission to have printed in the RECORD an article by Isaac F. Marcossan entitled "Bills for Billions," which appeared in the Saturday Evening Post of April 30, 1932.

The VICE PRESIDENT. Without objection, it is so ordered.

The article is as follows:

BILLS FOR BILLIONS

By Isaac F. Marcossan

Here are three statements of significance for every American citizen, whether he pays taxes or not. The first was made by the then Secretary of the Treasury Mellon before the congressional Ways and Means Committee on January 13 last, when he said:

"As pointed out in my annual report to the Congress, we closed the fiscal year with a deficit of \$903,000,000. Without making allowance for increased revenues through recommended legislation, we are confronted this year with a prospective deficit of \$2,123,000,000, and it is estimated that expenditures will exceed receipts by no less than \$1,417,000,000 in the fiscal year 1933. This situation is due, on the one hand, to increased expenditures, and, on the other, to a precipitous decline in receipts from taxation."

The second is an extract from the report of the committee on Federal expenditures of the Chamber of Commerce of the United States, which reads:

"Governmental expenditures in the United States are now estimated to be between thirteen and fourteen billion dollars annually. Compared with the pre-war year of 1913, these expenditures have increased 330 per cent. Those of the Federal Government increased about 475 per cent, of the States about 376 per cent, and of the local units about 270 per cent. Per capita expenditures have increased about 360 per cent for the Federal Government, 285 per cent for the States, and about 200 per cent for local units."

The third is part of a pronouncement by President Hoover at the biweekly press conference at the White House on January 8. It stated:

"I wish to emphasize to the fullest extent of my ability the necessity, as a fundamental to the country, for the utmost economy of Government expenditure of all kinds. Our people must realize that Government can not live in a depression upon the scale that was possible in times of great prosperity. * * * Our first duty as a Nation is to put our Government house in order—National, State, and local. With the return of prosperity the Government can undertake constructive projects both of social character and in public improvement. We can not squander ourselves into prosperity."

In the face of the fiscal conditions just enumerated, which so vitally affect the credit of the country, the new Congress plunged at once into the business of appropriation. Between the time that the gavel fell for the first session on December 7 and the adjournment for the holidays on December 22, hundreds of measures had poured into the hopper, carrying with them recommendations for expenditures that aggregated \$32,230,700,000.

This compilation, based on an estimate made by the Washington Post and incorporated into the CONGRESSIONAL RECORD, only included bills carrying more than \$1,000,000 each. These recommended expenditures, which are eight times the pared-to-the-bone Budget estimates of \$4,000,000,000, represent just so much money which the authors of the various bills would like to spend over and above what the Government believes is necessary to spend in these parlous times.

The procedure has naturally provoked widespread protest among business men. Its inconsistency is shown by this episode: A certain Congressman, hotfoot for a slash in the pay of all Federal employees, is earnestly advocating the construction of a fish hatchery in his district.

Before we strike the stride of this serial of spending, however, it is important to make two statements which bear directly upon the appropriation situation. The first is by a high-placed Washingtonian, intimately familiar with the state of the Nation's finances. In discussing the glut of congressional money measures with me he said:

"For nearly 10 years there was little idea of the relation between taxation and appropriation in the mind of Congress. Apparently the sky was the limit. We boomed with prosperity. The fiscal and other resources of the United States appeared to be inexhaustible. Expansion was the watchword, and economy in public expenditures a lost art. Our national legislators could proceed with a free hand. There was no comeback at home because of drastic increase in taxation. We had a surplus of \$184,000,000 in 1930; one of \$185,000,000 in 1929; and one of \$399,000,000 in 1928."

"Now we face a gross deficit for the 3-year period 1931-1933 of approximately \$4,533,000,000. The relation between taxation and appropriation becomes a very vital matter. The spread widens as excessive outlay piles up. Increased taxation becomes the only way out. It means that the gap between Government revenue and expenditures must be closed."

DIMINISHING RETURNS FROM INCOMES

The second deals with the decline in national tax revenue. Due to the economic depression, both individual and corporate incomes have greatly shrunk. Current corporation income taxes declined from \$1,118,000,000 in the fiscal year 1930 to \$892,000,000 in 1931, and are estimated at \$550,000,000 for the current fiscal year. Individual income-tax collections fell from \$1,061,000,000 in 1930 to \$730,000,000 in the fiscal year 1931, and at the time I write are estimated at \$370,000,000 for 1932. Miscellaneous internal-revenue collections decreased from \$628,000,000 in 1930 to \$569,000,000 in 1931 and to an estimated \$544,000,000 in 1932. Furthermore, customs receipts dropped from \$587,000,000 in the fiscal year 1930 to an estimated \$419,000,000 for 1932. The new \$1,096,000,000 Federal tax bill, carrying a big increase in income levy, presented on March 5, is the answer.

Let us first look at the larger suggested appropriation picture. The purposes and the well-nigh staggering sums sought for them are: General welfare, \$8,201,000,000; public roads, \$8,525,000,000; public works, buildings, and parks, \$7,933,000,000; aids to agriculture, \$1,931,000,000; all veterans, \$3,685,000,000; unemployment relief, \$702,000,000; increased expenditures upon Federal employees, \$514,000,000; Navy, \$411,200,000; irrigation and reclamation, \$275,000,000; Army, \$25,500,000; and aids to Indians, \$28,000,000. The grand total is \$32,230,700,000. Remember that these sums are in bills carrying more than \$1,000,000 each. Additional measures involving expenditures increase the total by not less than \$5,000,000,000 and possibly more.

We can now analyze the bills in detail, beginning with the \$7,933,000,000 total for public works, buildings, and parks. No feature of congressional expenditure lends itself more readily to criticism, because it involves the problem of the advisability of immense works projects as a form of relief in times of depression.

Heading the list of bills is that of Senator LA FOLLETTE for the flotation of a \$5,500,000,000 prosperity bond issue for the construction of public Federal buildings, highways, bridges, grade-crossing elimination, water supply and sewage systems, flying fields, parks and playgrounds, and schools and housing. Under the terms of the bill loans to State and local authorities are made available up to \$3,750,000,000.

The three next largest appropriation bills and the sums involved are: Representative CAMPBELL's to conserve the run-off of flood waters, \$750,000,000; Senator SHIPSTEAD's for the early completion of river and harbor projects—it carries a 4 per cent bond issue—\$500,000,000; and the Crisp-McKellar bill authorizing construction of post-office buildings on the basis of postal receipts, \$300,000,000. Other public works bills include Representative

GARBER's for the maintenance and stabilization of channels of navigable streams and the control of flood waters, \$225,000,000; Senator McKELLAR's for the construction of the Nicaragua Canal, \$150,000,000; Senator NORRIS's for the operation of Muscle Shoals, \$126,000,000; Representative ALLGOOD's for the construction of post-office buildings in all county seats, \$60,000,000; Representative KELLY's for the purchase or construction of post-office buildings, branches, and garages, \$45,000,000; and Representative LOVETTE's for flood control at Cove Creek Dam, Clinch River, Tennessee, \$40,000,000. Fifteen other public-works measures for projects ranging from State parks to the erection of Spanish War memorials carry appropriations ranging from \$1,000,000 to \$25,000,000 each.

Linked with these proposed appropriations is another onslaught involving the same economic issue. I refer to the bills framed for irrigation and reclamation schemes which call for an aggregate of \$275,000,000. Chief among them are Representative BURNES's measure for loans to drainage and other districts, totaling \$100,000,000; Representative BUCHANAN's to establish a national reclamation policy, \$100,000,000; and Representative SMITH's for storage in public-land States, \$50,000,000.

A THEORY THAT WORKS IN REVERSE

These measures are projected, in the main, on the familiar theory that vast expenditures for public works will offset the adverse swings of the business cycles.

In other words, as economists put it, "spend on a far greater scale when business is depressed than when business is flourishing." On paper this reads well. In practical operation the reverse obtains. No one doubts the advisability of spending when business morale is low, but the fact to be emphasized is that the spending, or rather the objectives of the spending, must be re-productive—in other words, revenue producing.

The launching of such a huge bond issue as is contemplated in the La Follette measure when the Treasury is hard put to raise revenue could easily have grave consequences on the national financial status. The President touched on this phase in a message to Congress on January 4, in which he said:

"The country must have confidence that the credit and stability of the Federal Government will be maintained by drastic economy in expenditure, by adequate increase in taxes, and by restriction of issues of Federal securities. The recent depreciation in prices of Government securities is a serious warning which reflects the fear of further large and unnecessary issues of such securities."

In the Budget estimates we have reached the limit of appropriation for public works. The amount spent by the Federal Government for this purpose in 1931 was nearly \$437,000,000, while the authorized appropriation for the current fiscal year is \$620,000,000. Expenditures for public construction in 1931 were more than \$165,000,000 in excess of those of the preceding year.

PUTTING THE DOLE IN INDOLENCE

Let us next have a look at the bills involving funds for Federal aid to public roads. Six measures introduced seek a total of \$8,525,000,000. Heading them is Representative HOLADAY's bill for rural post roads, other than Federal aid to highway systems, \$5,000,000,000. Second comes Senator NORRIS's bill, which would set aside \$3,000,000,000 for highway construction with Government money and without proportionate grants by the States. The other four are: Representative ALMON's for a Federal highway system, \$300,000,000; Representative OWEN's measure to acquire toll bridges, \$200,000,000; Representative LEAVITT's for roads and trails in national parks, \$15,000,000; and Senator WALSH's for road building on the basis of drought conditions, \$10,000,000.

For some years Washington has allocated considerable sums to the States for road construction under varying conditions, the chief of which was that the States should contribute a certain sum to the undertaking. The actual expenditure for highway purposes last year approximated \$168,000,000, while the estimated expenditures for 1932 are \$239,000,000. Many of the States paid their share. Under the proposed measures practically the entire new burden falls upon the Government.

Linked in purpose with all these works projects are the measures for out-and-out relief. They are: The La Follette-Costigan bill for cooperation with States to relieve unemployment, which asks for \$375,000,000; Representative CELLER's special Army reserve act to relieve unemployment, demanding \$227,000,000; and Representative HUBLESTON's for the relief of the destitute, \$100,000,000, making a total of \$702,000,000.

The Celler bill represents a departure in relief measures. It provides that: "Immediately after the passage of this act, or as soon thereafter as the Secretary of War shall designate, men of good character, between the ages of 18 and 45 years, who are physically qualified for the duties of a soldier, but who in the present unemployment crisis are not gainfully employed, and who are not skilled in any trade or occupation, shall be permitted to enlist in the special Army reserve for active duty for a period of not to exceed one year."

The moment you touch the subject of Federal aid for the unemployed you pass the frontier between private, State, and community assistance, and the dole. Britain's costly experience with the dole has proved that national government aid to the idle fosters, in time, what becomes subsidized indolence. The dole is a drug that deadens the will to work.

In his testimony before the subcommittee of the Committee on Manufactures, of which Senator LA FOLLETTE is chairman, Walter S. Gifford, director of the President's organization on unemploy-

ment relief, stated the case against the intrusion of Federal aid in this all-important matter. Among other things, he said:

"Widespread acceptance of responsibility, community by community, county by county, and State by State, has not only worked for providing relief funds but likewise for their discriminating and effective expenditure. The principle underlying the relief activities throughout the country has been that first, if possible, the individual community would look after its own. Next, if necessary, the county would help, and then, if the county were unable to meet the needs, the State would help. It would seem that the combined efforts of communities, counties, and States can take care of the situation. Should such community and State responsibilities be lessened by Federal aid, the sincere and whole-hearted efforts of the hundreds of thousands of volunteers engaged both in raising and administering relief funds would doubtless be materially lessened. The effect of Federal aid on Federal Government credit should also be considered. If this were adversely affected, the real cure for unemployment, which is obviously the restoration of normal business, would be retarded."

We now come to the group of bills massed under the head of general welfare. The total amount of appropriation asked in 21 measures is \$3,201,500,000.

PROMOTING GENERAL WELFARE

The largest sum involved in a single measure is \$5,000,000,000, which Representative LANKFORD fixes as necessary for the establishment of a department of general welfare to be headed by a secretary of welfare. As set forth in the bill, the purpose of the new department is to "aid, encourage, and promote" practically every organization in the country, whether school, lodge, farm, church, or veteran, "to secure better mental, physical, spiritual, moral, and patriotic development of the people and in order that the general welfare may be promoted and provided."

In many respects the Lankford bill is what seasoned legislators are accustomed to call a freak measure. One of its stipulations is to provide free motion-picture and radio service "in all schools, colleges, universities, churches, missions, lodges, clubs, unions, federations, public hospitals, orphans' homes, charitable organizations, community centers, patriotic organizations, and other organized gatherings." The United States Government is to pay for apparatus, service, and operation. Admission to all the shows is to be free. In addition to creating an unnecessary branch of the Government, the Lankford bill savors strongly of a paternalism hardly consistent with the American tradition.

Next in extent of appropriation is Representative CONNERY's \$3,000,000,000 measure to provide old-age pensions for citizens of the United States. The minimum assistance is to be \$1 a day. Here again you have an instance of the intrusion of Federal aid in the functions of a State, because many of our States make old-age provision under what is called an old age security act. It is typical of a dozen more or less kindred measures calling for unwarranted institutions ranging from the establishment of commodity quantity units to a university of the United States.

THE BONUS LOOMS LARGER

With the additional aid asked for veterans of the World War, we reach the first group of measures influenced by organization pressure. Once more the bonus looms large, this time in bigger terms than ever before.

As most people know, the so-called adjusted-service certificate issued to veterans is practically a 20-year endowment-insurance policy. The total face value of certificates was \$3,426,000,000, held by 3,397,000 veterans, or an average of about \$1,000 each, when the bonus agitation broke out afresh in 1931.

At that time loans on the certificates were available up to 22½ per cent of the face value. The last Congress increased the loan rate to 50 per cent. President Hoover vetoed the measure, but it was passed over his objection. It increased the immediate gross-borrowing power of certificates to \$1,711,500,000.

The first of the new veterans' bills is Representative PATMAN's "to provide for the immediate payment to veterans of the face value of their adjusted certificates." It is estimated by the Veterans' Administration that the first year's outlay under this legislation would be \$2,444,000,000.

A bill offered by Representative GARBER to provide dependency allowances—they would really amount to pensions—involves a cost of \$269,500,000. Other World War veteran measures call for an additional expenditure of \$366,000,000.

Organization pressure is also evident in the bills affecting postal employees which would add \$422,000,000 to governmental expenditures. They amend pay, increase leave periods, provide for study periods in work hours, and reduce night work.

In analyzing the bills for me a Washington spokesman, peculiarly equipped to speak, made the following statement:

"Without deprecating the service or loyalty of the army of postal employees, these facts must be considered: Clerks and carriers receive \$1,700 a year at the beginning, and advance at the rate of \$100 per annum until they reach \$2,100. Night work carries a 10 per cent increase in pay. One out of every six clerks is a special clerk receiving \$2,200. They have 15 working days' vacation annually and 10 days' sick leave, which is cumulative up to six months. Postal employees have suffered no lay-off and no reduction in pay, whereas millions of Americans are out of work or receiving reduced compensation. Living costs are down 20 per cent. Moreover, the volume of postal business has fallen off one-third during the past two years. The total postal deficit for the year ending June 30, 1930, was \$98,215,987; for 1931, \$146,066,189; while the estimated deficit for 1932 is \$200,000,000."

No legislative program is complete without farm-relief measures. The bills for assistance to agriculture mount up a total of \$1,931,000,000. The largest proposed expense is in Senator BROOKHART'S measure, the purpose of which is to give the American farmer a price for his product that will equal cost of production plus a 4 per cent profit. It appropriates \$1,000,000,000 to be added to the revolving fund of the Federal Farm Board and imposes authority to handle agricultural products so as to bring about this result.

WHEN THE BUDGET IS UNBALANCED

The Federal Farm Board specified in its message to Congress that it was not making recommendations for any legislation. In a statement to me James C. Stone, chairman of the board, emphasized this point, saying:

"On a number of occasions I have said that the Farm Board had not contemplated asking Congress for an increase in the \$500,000,000 revolving fund created in the agricultural marketing act. We do not now contemplate asking for more money. Unless Congress should impose new obligations on it, the present revolving fund is sufficient to take care of the supplemental financing needed by cooperatives in the expansion and development of their marketing program."

You need no diagram to point out that the welfare of the country and the return of a sound prosperity demand the strictest economy. The proposed appropriations, even if approved only in part, constitute a definite menace to national fiscal stability at this time. While the bills, save in a few isolated instances, are not legislative freaks, they can only be regarded as financial follies.

The final commentary on the congressional spirit of spending is made by the man best qualified to make it. In a speech before the Economic Club of New York in December last, Ogden L. Mills, then Under Secretary and now Secretary of the Treasury, said:

"If we are called upon to finance, through borrowing, another huge deficit in 1933, and all manner of unwise and uneconomic expenditures in the meanwhile, leaving aside for the moment the general effect on the credit of the Government, our difficulties become very serious indeed."

"I do not mean to suggest that the addition of \$3,000,000,000 or even \$4,000,000,000 to our national debt could conceivably impair the national credit. But I do say, with all the force at my command, that any temporizing with this situation, any failure to take the steps necessary to bring our Budget into balance within a reasonable time, any misuse of the public credit would furnish evidence of lack of sound financial principles as might well result in shaken confidence and in apprehension lest these conditions prevail long enough to result in real damage. In this period of deep uncertainty the unimpaired credit of the Federal Government is the most priceless possession of the people of the United States. We assume its existence as we assume the continuance of unlimited supplies of air and sunlight. It has been established through the pursuance of sound fiscal policy in the past, and so must it now be preserved."

THE ECONOMIC AND POLITICAL SITUATION

Mr. COPELAND. Mr. President, I ask permission to have inserted in the RECORD an editorial appearing in the Advertiser, of East Aurora, N. Y., on April 28 last, written by B. J. Hatmaker, entitled "Hysteria—A Liability."

The VICE PRESIDENT. Without objection, it is so ordered.

The editorial is as follows:

HYSTERIA—A LIABILITY

By B. J. Hatmaker

The unfolding of the drama of democracy fighting for its life against the forces inherent in the evolution in its own economic system based upon the development of the machine age is far more exciting than any imitation drama of the stage, more thrilling than any mystery story, with the dénouement of the plot still unrevealed but of vital personal significance to each of us, whatever it may be. Comedy, tragedy, pathos, and absurdity are blended in the play and an impending presidential election adds zest to the acting.

As we look back over the roaring twenties, comedy dominates. Greed, riches to be picked out of the air, something for nothing, all economic laws suspended, prosperity forever, in constantly accelerating ratio, a nation mad with the hysteria of optimism.

The curtain dropped in the autumn of 1929, and was raised upon the second act. Capital found itself deflated in the sum of some \$60,000,000,000. Labor found itself losing a billion dollars a month through unemployment, wage reductions, and short-time jobs. The hysteria of tragedy swept over the country. The cold, black fog of deflation permeated every nook and corner of the country, causing the failure of banks by the hundreds, tying up available cash. The depths of this condition were reached about eight months ago.

The curtain rose on the third act with the scene in Washington. Congress was in session with no more partisan fighting proclivities than are shown by the wild denizens of the woods fleeing from a forest fire. Bill after bill, recommended by the administration, was passed with practical unanimity. There was a lull in popular hysteria.

Unemployment was not relieved, prices continued to sag, but bank failures ceased. Hoarded currency reappeared in circulation. Frozen bank credits were thawed by the financial remedies applied. Credit is now freely available for any legitimate business

purpose. The famous corner has in fact been turned. The logical theory of beginning at the top to restore prosperity is beginning to show results. It has reached down to the ultimate small farmer with no credit except a crop he hopes to raise, and on that slender reed he may borrow of his Uncle Samuel for seed and fertilizer.

And unexpectedly and illogically, the country flares again with hysteria, this time expressing itself in a hundred thousand letters and telegrams a day, flooding into the offices of the Senators in Washington demanding elimination from any tax proposals affecting the writers and urging drastic reductions in governmental expenses.

Not many months ago the country hailed with approval appropriations for public works, designed to give work to idle men and aid in the restoration of prosperity. The newest attack of hysteria was induced by the realization that all these things had to be paid for, which meant new taxes. It sweeps through the Halls of Congress and over the departments and into the White House. Sane plans are in the making for effecting proper economies in public business, and a reasonably scientific tax system is being evolved in spite of the ravings which make life a burden to those in responsible places.

If the country would adjourn, Congress would be able to give it intelligent legislation!

THE TAX PROBLEM—ADDRESS BY SENATOR DAVID I. WALSH

Mr. COOLIDGE. Mr. President, I request that a speech delivered by my colleague the senior Senator from Massachusetts [Mr. WALSH], on the 2d instant, over the National Radio Forum, upon "The Tax Dilemma" be printed in the CONGRESSIONAL RECORD.

There being no objection, the address was ordered to be printed in the RECORD, and it is as follows:

The present Congress has been called upon to deal with many questions, but none more vital and of greater urgency than the questions involved in the pending tax bill already passed by the House and soon to be reported by the Senate Finance Committee to the Senate.

The world-wide economic depression, the extent of which our modern world has never known, has had manifold repercussions. In our own land we have widespread unemployment, wage reductions; a fearful decline in security prices, commodity prices, and property values; stagnation of business, bankruptcies, and bank failures.

Social problems arising from unemployment, want, and suffering are exceedingly pressing, and economic and business problems, relating to trade, the banks, and the railroads, we have sought and are seeking to alleviate and to remedy. It ought to be obvious that with respect to the social and economic questions the aid which the Federal Government may extend is circumscribed. In many cases the remedies lie not with the Government but with society or with circumstances beyond the control of either.

The phase of the present situation, however, with which we treat to-night is wholly within the purview and control of the Federal Government. It is the question of governmental finances and what we popularly describe as "balancing the Budget."

At no point have the consequences of our vanished prosperity been so quickly reflected and so graphically shown as in the swift decline of the Federal tax revenues. Our Federal revenues in the main are dependent on the incomes of our citizens, the profits of our corporations, and the volume of our foreign trade, particularly the volume of our imports. Imports have steadily declined, profits vanished, and incomes slumped; hence our tax receipts have dwindled, until to-day they are approximately half what they were in normal times. Furthermore, they are still pointing downward, while governmental expenditures continue as large as ever. As with private enterprise, so with the governmental agencies, extravagance and luxuries were indulged during the recent era of prosperity.

To-day the Treasury is paying out \$2 for every dollar received. That condition can not long continue. It is the road to national bankruptcy. The merchant on Main Street, who day after day paid out \$2 for every dollar that came over the counter would soon be in the hands of the sheriff. Many of them are. Why is there a widespread fallacy that Government finances are immune in the matter of matching receipts and expenditures and that, unlike private business, governments may go ahead indefinitely paying their bills in I O U notes? There never was a more mistaken belief.

We do not have to accept this proposition on faith. We have only to look to Europe and see what has happened to prosperous nations whose expenditures continued to outrun their income.

When the Treasury balanced its books on June 30, 1930, it discovered a deficit for the preceding 12 months of approximately \$1,000,000,000. The deficit was represented by notes, Uncle Sam's I O U's given to banks and individuals in exchange for cash, with which the Treasury paid its bills.

The Treasury started a new account at the beginning of the new fiscal year last July, just as a private merchant each year starts a new page in his ledger. We are now dealing with this new deficit. It is the largest ever incurred by any nation in peace time in the history of the world. At the moment this year's deficit stands at about two and one-half billion dollars. That means that twenty-five hundred million dollars of additional notes have

been issued by the Treasury in the past 10 months to raise cash to meet Government bills. While the expenses of the Federal Government have continued to run along at the annual rate of \$4,000,000,000, the Government's revenues have now declined below \$2,000,000,000, and are still declining.

This state of the Federal finances must be corrected and remedied at once if the financial integrity of the Government is to be maintained. The solvency and financial security of the Federal Government is the very foundation stone upon which the recovery of private business rests.

As yet there has been no essential loss of national credit, not because the accumulating Treasury deficit is not serious but simply because the world has been given explicit assurances from both the executive and legislative branches of the Government that steps were to be taken in the present Congress—heroic measures, if need be—to balance the Budget, to curtail Government expenses wherever possible, and to levy new taxes to raise new revenue. This is the task to which the President and Congress are giving their attention. As I said at the outset, it is the most vital, the most urgent problem before the Congress.

Leaders in both the House and Senate have been cooperating with the administration in working out a nonpartisan program. Unfortunately, the nonpartisan program of the leaders in the House was rejected, and practically a new bill was enacted on the floor of the House.

What course the Senate will take in following a nonpartisan program remains to be seen. There is apparently no rivalry between the political party leaders as to which shall receive credit or which shall be blamed for the tax bill. There is, however, a wide difference of personal opinion as to where the burdens of taxation should be placed; also, as to the particular rates which are to be levied in the taxing of incomes, inheritances, luxuries, theater and athletic game admissions, stamps, etc. Naturally, too, sectional influences and environment are a factor in the shaping of a tax bill. It is my view that Congress should approach its task in the nonpartisan and patriotic spirit with which it approached the problem of levying taxes during the World War. This does not mean that Congress should be frightened by the resentment of clamorous and selfish groups that have been selected to bear some of the substantial burdens of the increased taxes. The public, however, has the right to expect Members of Congress, regardless of differences of opinion, to proceed promptly and with determination to remove the spirit of uncertainty and apply that degree of justice and equality that a public servant is expected to apply, especially in this period of distress and emergency.

Let me now state what, in my judgment, should be the primary considerations in balancing the Government Budget. Time and the subject allotted me do not permit of the discussion of the economy side of the question of balancing the Budget in my address to-night. Suffice to say there should be almost a unanimous agreement in principle, first, that we should retrench wherever possible without jeopardy to essential Government activities and without interposing new obstacles in the pathway of business recovery; second, that the fixed charges and the fixed obligations of the Government comprise so large a proportion of our total expenditures that economies, however drastic, can not save the Treasury more than two or three hundred million dollars at most of its two to three billion dollar deficit.

Hence we must solve the question of finding ways and means of raising new revenues, which involves a revision of present taxes and the imposition of new taxes. We have no choice in the matter. There is no alternative.

In my judgment, taxes should be spread as widely and applied as lightly as possible. In framing a tax bill we should recognize and apply the principle of ability to pay, which means taxing at a higher proportionate rate those who claim the larger portion of the income and wealth of the country, yet avoiding as far as possible the placing of barriers and impediments that will discourage capital from contributing to the resuscitation of business by employing itself in business enterprise. This principle is not an easy one to apply and do exact justice to all concerned.

All are agreed that in the new bill the bulk of revenues should come from taxes on the incomes of individuals and upon the profits of corporations, as it has in the past. Under the present law single persons pay a tax upon individual incomes in excess of \$1,500 per year and married persons upon incomes in excess of \$3,500, subject to some additional exemptions for minor dependent children. The Treasury recommended and the House adopted a provision lowering these exemptions to \$1,000 and \$2,500, respectively. The Senate Finance Committee has voted to retain this lowered exemption. This is what is usually referred to as broadening the base of the income tax. This will increase tremendously the number of taxpayers, but no married person will pay a Federal tax until he has a net income of \$3,000, and his tax will then be \$3.25; if \$4,000 net income, \$30; and thereafter rapidly increasing. The net income of \$10,000 will pay \$295.

But in recognition of the proposition that an income tax ought to be graduated in accordance with capacity to pay and that persons of large income may justly be called upon to contribute a larger percentage of their income in the support of their Government, we have long had a surtax imposed on the large incomes. Under existing law the surtax, starting at 1 per cent and stepping upward to 20 per cent, applies to all net taxable income above \$10,000. In the House tax bill the surtax starts at \$6,000 and steps up to 47 per cent. The Senate committee will recommend increasing this rate on incomes above \$100,000 up to 54 per cent. Even these high rates are below the war-time rates of 1918. A strenuous effort, however, is to be made on the floor of the Senate to

apply these war-time rates that begin with a normal tax rate of 6 per cent, instead of 1½ as now and 3 per cent as proposed by the Senate committee, and reach a maximum of 65 per cent surtax on the highest incomes plus the normal tax of 12 per cent, making the maximum 77 per cent on the highest incomes.

Even with the sharp increase in income-tax rates, both normal and surtax, over the present law, made by the House, and still further slightly increased by the Senate, the lot of the American taxpayer of moderate means will be a happy one as compared with that of the citizen of Great Britain. Under this bill and the Senate committee proposal a married person drawing \$2,000 would pay no tax, whereas a citizen of Great Britain would pay \$106.25 in English money, or \$80.75 if paid in American dollars. One example will suffice: On a net income of \$5,000, under the House bill an American citizen would pay \$37.50. Under the Senate committee proposal, \$56.25. If he were a British citizen with this income his tax would be \$703.33. On a \$10,000 a year income the American citizen would pay \$610 or \$295, depending on whether the House or the Senate committee rate is adopted. A British citizen pays on this income \$1,628.33. Americans with very large incomes would pay a tax much more nearly approaching the level required of the British citizen in commensurate circumstances. This is because of the high surtax rates on large incomes in both the House and Senate proposals.

Corporations at present are required to pay a Federal income tax on their net profits at the rate of 12 per cent. The Treasury recommended that this rate be increased to 13 per cent. The House bill fixed the rate at 13½ per cent. The Senate Finance Committee has voted to recommend a rate of 14 per cent, but in doing this it removes the tax on the dividends of corporations which are exempt now because the corporations pay a tax on this income before it is distributed in dividends. The House, however, has voted to tax these dividends.

The taxes levied by the Federal Government on gifts (many of them made to escape inheritance taxes) and upon estates over \$50,000, passing by inheritance, have been sharply increased. They are the largest ever imposed. The question of the rates to be levied on inheritances is complicated by the fact that so many of the States have their own inheritance laws and derive varying but substantial revenues from that source. That there is an increasing sentiment that the unequal distribution of wealth can be in part relieved by heavy taxes on large inheritances is becoming generally recognized and accepted. There is another defense, more convincing and meritorious, to these big taxes on inheritances than other taxes proposed, namely, the necessities from which the Government can not escape.

Despite the sharp increases in individual income tax rates, especially on the large incomes, and despite the increases in the tax on corporate profits, and upon estates and inheritances, it has been perfectly obvious and universally conceded that the maximum which these taxes will yield will still fall far short of providing for the revenue needs of the Government. That is because incomes, large and small, have so shrunk, and corporate profits so declined that the revenue yield, even at the high rates, is correspondingly reduced. During the war profits were huge and incomes swollen and the revenue yield correspondingly large. It is a very different situation to-day.

It was to meet this gap in the revenues of the Government, which the income and profits taxes could not be made to fill, that brought the proposal of a manufacturers' excise tax, popularly and inaccurately labeled the sales tax.

A real sales tax is a tax levied on the retail price paid by the purchaser, in addition to the regular purchase price of the article. The manufacturers' excise tax is a tax (percentage of the value) levied on the producer against the wholesale value of the product. It is proposed by all who advocate this tax to exempt food and clothing from the manufacturers' excise tax, but to levy it universally against all other goods at a low rate, between 1 and 2 per cent. It admittedly would have yielded large revenues. It would have avoided the imposition of the luxury and nuisance taxes on a few industries, at relatively high rates, which seemed to be the only alternative to raise the revenue. It would have rested lightly and equitably upon all manufacturers in all lines alike.

In the present emergency, and faced with the stern necessity of finding revenues, it has seemed to me that the manufacturers' excise tax was the lesser of the evils and was greatly preferable to the special nuisance taxes to which we are now obliged to resort because of the House rejection of the manufacturers' sales tax.

The inequalities that luxury and nuisance taxes provoke also lead me to prefer a small manufacturers' sales tax spread over a large field. Let me illustrate: The candy industry claims that pastry and cake manufacturers sell large quantities of goods which compete with candy and go untaxed though candy is taxed. The chewing-gum manufacturers say that they compete with candy and that if candy goes untaxed gum should be untaxed. These various contentions, which have more or less merit, arise whenever attempts are made to pick out certain industries for a so-called luxury tax and omit other industries.

Furthermore, if footballs, baseballs, and other athletic goods are to be taxed as a luxury, why not tax expensive office furniture, tables and chairs made of expensive woods used in the homes of the well-to-do? Why not tax rugs, carpets, expensive wood paneling, hardwood floors, statuary, paintings, if we are to tax the 5-cent candy bar, the 10-cent jewelry pin, and admission to movie theaters or baseball parks? Yet none of these "luxuries" is taxed in the pending tax bill.

You will doubtless recall that the manufacturers' excise tax was recommended by the House Ways and Means Committee and supported by Democratic and Republican leaders alike but was rejected by the House after acrimonious debate in a roll call in which party lines were entirely obliterated.

I have little hope that the Senate can be induced to vote the manufacturers' excise tax back into the bill unless it receives assurances that the House will change its position.

Before leaving the subject of a choice between the manufacturers' sales tax and the nuisance and luxury taxes, let me call attention to this striking fact: Industry and business, in addition to an increased tax on their net earnings, in the pending tax bill, are to be burdened with an increased tax of 50 per cent on their postage, a new tax of over 10 per cent on their telegrams and telephones, and a new tax on their checks. The imposition of these many business nuisance taxes is, to my mind, far from being the essential prelude that business vitally needs for its recovery. The adoption of a manufacturers' sales tax of 1 per cent or 2 per cent would eliminate all these so-called nuisance taxes.

To make up for the rejection of the manufacturers' sales tax, the House hastily resorted to heavy nuisance and luxury taxes. Among these, the House bill provided for increasing the rate of letter postage from 2 cents to 3 cents. Whether the Senate will approve this proposition is an open question.

The House bill carried a considerable list of so-called and frequently misnamed luxury taxes, taxes on furs and jewelry, on motor boats and radios, sporting goods, fire arms, toilet articles, candy, chewing gum, soft drinks, and many other articles, which had proved sources of revenue in the war days. The Senate Finance Committee has proposed some changes in these items with a view to more equitable application of these taxes.

It seems certain that the new tax bill will carry high taxes on some of the popular products of our prohibition era: Brewers' wort and malt syrup, from which comes home brew; on grape concentrates and on the bottled waters so frequently called for in hotels and restaurants, accompanied by a tall glass and some ice.

An effort will probably be made on the floor of the Senate to raise as much as \$350,000,000—the amount required by the authorization of the manufacture and sale of 2.75 per cent beer, with a tax upon it.

I am in sympathy with this proposal. I believe it would help to remove many of the iniquities of prohibition and lessen the untaxed income of the bootlegging profession. Unfortunately, there is little probability that this movement will succeed, because more than two-thirds of the membership of the Senate and House is still opposed to any modification of prohibition. In addition to the evils which prohibition is inflicting upon us, it is depriving us also of an enormous revenue. If the American people insist upon keeping prohibition, they must be prepared to pay the price.

The Treasury proposed, and the House and Senate committees approved, the reimposition of the war-time tax on automobiles, trucks, and auto accessories. It proposed rates of 5, 3, and 2½ per cent, respectively. The House bill carried these taxes at rates of 3, 2, and 1 per cent, and these rates have been approved by the Senate Finance Committee.

The Treasury proposed a tax of 2 cents on bank checks, estimated to produce \$95,000,000 in revenue. This tax was not in the House bill. The Senate Finance Committee has recommended this tax, exempting, however, all checks under \$5, thereby reducing the income to \$40,000,000. This tax is substituted in the Senate bill to replace the revenues lost by the exemption of dividends from normal tax.

The Treasury proposed a tax of 1 per cent on all theater admissions over 10 cents. The House and Senate committee raised the exemption to 45 cents, which means a 5-cent tax on a 50-cent admission ticket.

There is one political issue involved in connection with the tax problem. It is the tariff issue. Democratic leaders, with few exceptions, are opposed to tariff duties. Most Republicans in the Senate favor including tariff duties.

Considerable agitation prevails throughout the country also in favor of incorporating certain tariff duties in the pending measure. Personally, I am opposed to incorporating tariff legislation in a bill designedly planned to raise internal revenue. Whatever the merits or demerits of the case for a tariff on oil, coal, copper, and lumber may be, the injection of these things into the tax bill are delaying the measure, jeopardizing it, and are opening the door to the vicious logrolling and trading which are ever accompaniment of tariff legislation.

Furthermore, foreign governments, not any too friendly at the present time because of the Hawley-Smoot tariff bill, will consider our action in levying these particular tariff duties decidedly unfriendly.

That some steps may have to be taken in the near future to adjust our tariff to the new conditions throughout the world, caused by the depreciation of the currencies in many foreign countries, may become necessary. This subject is now being studied by the Tariff Commission. If action to this end is attempted at this time, it will delay for months, if not a year or more, the passage of the tax bill. Furthermore, the net effect of the proposed tariff taxes on coal, lumber, copper, and oil would be to place further burdens on the consumers—not at all commensurate with the limited revenue which the Government might receive.

The object of the pending tax bill is to raise revenue. The object of the tariff tax proposal is to prevent imports. Those

who are proposing a tax on oil, coal, copper, and lumber insist that the tax apply only to the importation of such articles. Should they agree, which, of course, they do not, that the same tax be applied to the domestic production of oil, coal, copper, and lumber, we would need to look nowhere else for revenue. The taxes that the revenue bill proposes to lay on toilet preparations, furs, candy, gum jewelry, automobiles, is a tax on the domestic producer as well as the importer.

Take the case of oil, for instance. The domestic producers have 93 per cent of the domestic market. What they are proposing to do, therefore, is to try and corral the remaining 7 per cent that is imported and consumed in this country. In 1931, we exported petroleum products of three times as great a value as our imports. The position of those advocating the oil tax, therefore, is one of seeking to monopolize the American market and to hold their own in the world markets as well. This, of course, is an impossible undertaking.

Many of the Members of the Senate who favor a tariff on copper and lumber appear to have made common cause with Senators who are fighting for the oil and coal tariffs disguised as excise taxes.

We are in the midst of that fight at the moment. The final outcome is still uncertain. In a series of roll calls within the Senate committee a week ago, the oil and coal taxes in the House bill were sustained by a narrow margin and a motion was carried to include in the bill a tax of indeterminate amount on imported copper. Motions to include tariff taxes on lumber and other wood products were rejected. In a second series of roll calls, later in the week, the coal and oil tax items were eliminated from the bill and a copper tariff tax proposal rejected by equally close votes.

This fight will be renewed when the bill comes before the Senate itself. Either in or out of the bill so determined are the proponents to use the tax bill as a vehicle for their tariff demands, that other considerations seem to be subordinate to that single objective.

In conclusion let me urge that in dealing with the tax bill Congress confine its efforts and direct its energies to raising revenues, to the revision of our tax laws, to the enactment of a new tax law as promptly as possible, instead of being drawn into a tariff battle.

To all the other adverse business factors the very pendency of the tax bill adds a still further paralyzing hand on business recovery. Our duty to the Treasury and the public is to get the revenues from the new taxes started as soon as possible. It is estimated that it makes a difference of \$100,000,000 a month, every month we delay. Our duty to the country is to get the tax question settled, so that industry may know where it stands with respect to tax levies just as speedily as possible.

LEGALIZATION OF BEER

Mr. BINGHAM. Mr. President—

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Connecticut?

Mr. FRAZIER. I yield.

Mr. BINGHAM. Mr. President, I understand that to-day there will be submitted from the Committee on Manufactures of the Senate a majority report and the views of the minority in regard to the so-called beer bill, and in this connection I ask unanimous consent that there may be read at the desk a brief poem which ought to furnish great relief to those who are struggling over the tax bill and dreading its arrival.

The VICE PRESIDENT. Does the Senator from North Dakota yield for that purpose?

Mr. FRAZIER. Mr. President, I have no objection to the poem being read, although I did not know what kind of a poem it was when I yielded.

The VICE PRESIDENT. Does the Senator yield for that purpose?

Mr. FRAZIER. Yes; let it be read.

The VICE PRESIDENT. The Secretary will read.

The Chief Clerk read as follows:

TO CONGRESS

Beer will balance the Budget;
Beer will bring bacon and bread;
Beer will brighten the beggar;
Beer will bring him a bed;
Beer will banish the bigot;
Beer will balance and blind;
Beer will benefit body;
Beer ever befriended mankind.

Beer will balance the Budget;
Beer will boost our best bond;
Beer will bedevil the broker
"Beer"ing us into despond;
Beer will be balm to the banker
By bringing big balances back;
Beer will belch smoke from our buildings;
Beer will mean billions in "jack."

Beer will balance the Budget;
 Beer will be welcomed with glee;
 Beer will help millions now idle—
 Beer with a tax of cents three.
 So why wait, O Congress! O Senate!
 The Nation sits helpless and numb;
 Tax beer and rout the bootlegger,
 The bandit, kidnaper, and bum!

Better have bread for the babies;
 Beef to stem misery's flood;
 Better face facts than a theory;
 Better have work than have blood!

—Forrest Rutherford.

Mr. ROBINSON of Arkansas. Mr. President—

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Arkansas?

Mr. FRAZIER. I yield.

Mr. ROBINSON of Arkansas. I merely wish to inquire who called what has just been read poetry? [Laughter.]

Mr. FRAZIER. Mr. President, in regard to the so-called poem which was just read from the desk, I desire to say that I think undoubtedly there are a great many people throughout the United States who would like to drown their troubles, but I am afraid that under a proposition such as is suggested in this poem the remedy might be worse than the disease, although the disease is bad enough, causing unemployment and many to go broke; but it is not because of the prohibition question.

NAVAL BUILDING PROGRAM

The Senate resumed the consideration of the motion submitted by the Senator from Maine [Mr. HALE] to proceed to consider the bill (S. 51) to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaties.

Mr. FRAZIER. Mr. President, last night before the recess was taken I was trying to depict the present situation of the farmers throughout the Nation, who are in the hardest condition in which they have ever been. Last week before the Committee on Agriculture and Forestry of the Senate hearings were held for three consecutive days. At those hearings the leaders of the great farm organizations of this country—the Farmers' Union, the Grange, and the Farm Bureau—appeared and testified. Those great farm organizations recommended an amendment to the farm marketing act. That amendment in the form of a bill has been introduced by the chairman of the Committee on Agriculture and Forestry, the Senator from Oregon [Mr. McNARY], and I am assured by him that this measure and other agriculture measures will be taken up at the first opportunity, just as soon as the hearings shall be printed, which I hope will be within the next few days.

Mr. President, in view of the present situation of the farmers throughout the Nation it seems to me it is absolutely necessary that this session of Congress shall not adjourn until some worth-while action shall be taken to relieve the agricultural emergency in which we find ourselves. The amendment to the farm marketing act embodied in the bill that has been introduced by the Senator from Oregon, at the request of the farm organizations, designed to stabilize the prices of farm products, will be a long step in the right direction. I also have a bill pending, which is known as Senate bill 1197, providing for refinancing the farmer. These two measures are, in my opinion—and I believe that opinion is shared by those interested in agriculture and, I am sure, by the farmers themselves—would put agriculture on a paying basis, on a business basis, and that is what is necessary at the present time.

Mr. President, I am not going to take more time. I merely wish to say in conclusion that it seems to me that Senate bill 51, a motion to take up which is pending, would be entirely out of place at this time, authorizing, as the bill does, a program for the building up of our already great Navy. The program would involve an expenditure, as was admitted by the chairman of the Committee on Naval Affairs, of from \$700,000,000 to \$2,000,000,000, according to the period of time within which it would be consummated. In view of the fact that the disarmament conference is in ses-

sion at Geneva and that all the nations of the world have gone on record in the Kellogg peace pact to refrain from war, I believe it would be a mistake at this time to pass a measure of this kind, and I hope the motion to proceed to its consideration will be voted down.

AGRICULTURAL RELIEF

Mr. HOWELL. Mr. President, at least one lesson is to be learned from the devastating depression which has swept over the land with such blighting effect, and that is that industry in this country can not continue prosperous without a prosperous agriculture.

A few years ago, when industry was reveling in its heyday of prosperity and agriculture was wallowing in the slough of despond, there were many of our business leaders who fell into the delusion that industry in this country could continue to be prosperous regardless of whether agriculture prospered or not. Some were even so blinded that they said there was no farm problem; that agriculture was as prosperous as it deserved to be; that we had too many farmers anyway, and all that was necessary was to let things alone and they would work out all right.

But there were some of us who were unwilling to accept this counsel of despair, this do-nothing policy for agriculture. We warned the country of the folly of allowing agriculture to become decadent and we insisted that the welfare of industry and city workers was involved in the prosperity or decadence of agriculture as our basic industry. Congress came to recognize this situation and twice passed the McNary-Haugen bill, which sought to put agriculture within the protective system and restore it to a parity with industry; but, unfortunately, the measure was vetoed on both occasions by the President, and not enough Members of Congress sufficiently realized the gravity of the situation or the importance of that measure to pass it over the President's veto.

What happened? How did things work? Did they cure themselves as predicted by the false prophets of big business? Though deferred for a time, the day of reckoning finally came, the day when industry paid its penalty for allowing agriculture, the basic industry of this country, to become decadent. In 1929, explosion of the bubble came with stunning, paralyzing suddenness and with devastating, demoralizing effect. The stock-market debacle merely ignited the train. Prices crashed; factories closed; banks failed; investments were wiped out; farms and businesses were sold under the hammer; millions of unemployed walked the streets searching vainly for work while they and their families were hungry, ragged, destitute, and in many cases, homeless. Despair and fear were everywhere.

What had happened? The buying power of the Nation had collapsed. For 10 years the buying power of agriculture had been drying up, due to continued depression. Slowly this undermined the stability of industry. Its effects were largely concealed by the building boom which followed the war and by the speculation orgy of 1928 and 1929, which gave the country a false sense of security and prosperity. When the building boom and the speculation spree collapsed by the contraction of credits in 1929, industry took the cumulative effects of a decade of shriveling buying power with unabated force.

Mr. President, the factories are idle because the people have lost their buying power. When the ruralists of the country, constituting 44 per cent of our population, lose their buying power, it destroys the markets for the products of industry, and this in turn destroys another large block of buying power by throwing out of employment the workers in the factories which are producing commodities sold to farmers. So, when agriculture stops buying it throws millions out of work in the cities, and this in turn stops more factories and throws more people out of work, and again the buying power of the public is further reduced.

Some of our industrial and financial leaders have seen the light and are pleading that something be done to restore prosperity to agriculture. Charles E. Hearst, vice president of the American Farm Bureau Federation and president of

the Iowa Farm Bureau Federation, testifying before the Senate Agricultural Committee last week, stated that he had been asked by representatives of some of the great insurance companies to speak for them also in urging Congress to act swiftly in enacting legislation to raise the prices of farm products and restore prosperity to agriculture. They have loaned vast sums of money on the security of farm lands. The terrific slump in farm prices has forced the farmers operating these farms to the point of giving them up because of inability to pay even the interest and taxes. The insurance companies for a while took over the farms; they now have found out that it is a losing proposition to try to operate these farms under present prices. It is useless to try to sell them, because even if buyers can be found, the values of farm land have sunk so low that the properties in a great many cases would not bring enough to pay the mortgages against them. Unless relief is afforded to agriculture, the superstructure of finance and industry resting upon our agriculture is in danger of crashing to ruin.

If something is not done to relieve the situation, we have not yet seen the worst of the depression. Industry has not yet felt the full cumulative effects of the deflation. It has not yet reached the level of agriculture. Labor has not yet touched the depths of suffering from the deflation. While industry and labor have suffered severely, they have not suffered as severely as agriculture.

Agriculture thus far has suffered more from the depression than any other of our great industries. A recent study by Frederick C. Mills, published in the New Bulletin of the National Bureau of Economic Research, December 23, 1931, showed that the purchasing power of the raw products of American farms declined 24.8 per cent between July, 1929, and October, 1931, whereas the purchasing power of all other products, including processed farm products, actually increased 6 per cent during the same period. In other words, so far as prices are concerned, the purchasing power of industrial products really profited during this period at the expense of agriculture. I wish to insert in the Record a table from this publication showing how agriculture has been hit harder than any other great industry in the Nation.

The PRESIDING OFFICER (Mr. PATTERSON in the chair). Without objection, it is so ordered.

The matter referred to is as follows:

Changes in purchasing power, per unit, between July, 1929, and October, 1931, selected commodity groups¹

Number of price quotations	Commodity group	Degree of change in purchasing power—decrease (—), or increase (+)
		<i>Per cent</i>
140.....	Raw materials.....	-13.4
338.....	Manufactured goods.....	+6.1
163.....	Foods.....	-12.9
315.....	Nonfoods.....	+7.3
81.....	Products of American farms, raw.....	-24.8
397.....	All other products (including processed farm products).....	+6.0
285.....	Producers' goods.....	-1.9
193.....	Consumers' goods.....	+2.8

¹ These measurements are based upon index numbers constructed by the National Bureau of Economic Research, from price quotations compiled by the U. S. Bureau of Labor Statistics. The index numbers are unweighted geometric means of relative prices.

Mr. HOWELL. Unless the buying power of agriculture is restored and the deflation halted other industries surely will be dragged down to the low estate to which agriculture has fallen. Edward A. O'Neal, president of the American Farm Bureau Federation, in a recent statement to the special subcommittee on money stabilization of the House Banking and Currency Committee, called attention to this fact and cited estimates to the effect that if other income groups have to come down to the level of agriculture it will mean reductions of 40 per cent in transporting, processing, and distributing costs; 25 to 50 per cent in doctors' and nurses' fees; 60 to 65 per cent in the dollar capitalization of industrial concerns; one-third in school-teachers' salaries;

50 per cent in wages of union labor; and so on all along the line.

Mr. President, this, indeed, is a gloomy picture that confronts us unless something is done and done quickly.

What shall be our policy? Shall we allow industry, labor, banking, and all other groups to sink to the low economic level at which agriculture now stands, or shall we raise agriculture to its proper level of equality with industry and thus raise them all to the level of prosperity which this great Nation of ours with its abundance of resources should enjoy?

Organized agriculture has already answered this question so far as it is concerned. It is not taking a selfish attitude, so far at least. It is not demanding now that all other industries be deflated to the level of agriculture. It takes a much sounder course; namely, that agriculture be brought up to the level of the others, and that all be advanced in prosperity. By way of illustration of the stand of organized agriculture, I cite a recent statement made by Edward A. O'Neal, president of the American Farm Bureau Federation, before the special subcommittee on money stabilization of the House Banking and Currency Committee.

That is part of the picture of what will happen if the rest of this country is brought down to a level with agriculture. It is much more important that agriculture be brought up and the general level raised.

This shows the broad, constructive viewpoint of organized agriculture. It does not want to destroy its market for its produce in the cities and towns. It wants a prosperous industry, a sound banking system, and employment for labor; but unless agriculture can be brought up to equality with industry, then all other industries in this Nation ultimately must sink to the level with agriculture. Agriculture can not longer endure the existing inequality, whereby its products are worth only 50 cents on the dollar in exchange for products of industry.

Mr. President, agriculture must have equality with industry. Either we must raise agriculture to the level of industry, or we must bring industry down to the level of agriculture by erasing from the statute books the special tariff privileges of industry, the special immigration laws for labor, the price-fixing mechanism for railroads and for banks in the Federal reserve act, and all other special privileges whereby industry, commerce, and labor are given special advantages. I do not think we want that to happen. Far better to bring agriculture up to a prosperous level.

Remedy this inequality between agriculture and industry by raising farm prices and you immediately start the wheels of industry in motion and put the unemployed back to work. Restore the farm purchasing power, and you will thereby provide an enormous market here for the products of industry—paint, lumber, nails, cement, and other materials for those long-neglected farm buildings; fencing materials, trucks, tractors, silos, binders, plows, and other farm machinery to replace worn or inefficient equipment; new dresses, shoes, hats, and clothing for more than 50,000,000 people in our rural areas; radios, electric irons, new stoves, and other household conveniences which large numbers of farm women are now denied through lack of income to purchase them; and a host of luxury articles which farmers, by reason of their low incomes, are now unable to buy. The reopening of factories and the expansion of industrial production that will be made possible by this restoration of farm purchasing power will add still further purchasing power through the large number of laborers who will resume employment and become purchasers both of industrial goods and farm products. This in turn will help agriculture by increasing the demand for its products, and this again will be reflected in a further expansion of industrial activity. In other words, instead of continuing on the downward course of deflation, destruction, and despair we will start upward on the path of prosperity.

Shall we do this? If so, there is not a day we can afford to lose. Not more than 40 days of this session remain. The eyes of farmers are turned toward Congress as never before.

It is urged that effort is useless because the President will veto any measure of the character which agriculture is demanding. I do not believe this; but even so, Congress is not excused from action. Moreover, it has the power to render its policies effective notwithstanding a veto.

If we do not send to the President a constructive measure for the farmer, what are we to say to our constituents when we return home? There will be but one thing to say—"Congress has not the will to act for agriculture."

Mr. President, it is an unfortunate fact that there is no bill upon the calendar of the Senate providing constructive relief for the farmer, and yet we have been in session here more than five months. True, we have loaned him some money; we have given him some wheat; but he does not want to borrow money. He is not asking for charity. What he wants is the equality to which he is entitled. Is Congress going to act, or are we going to adjourn without doing anything for the farmer? As I have asked, are we to go home and tell him that Congress has not the will to act; that his case is hopeless; that he must look to other remedies? If so, to what can the farmer turn?

As I have stated before upon this floor, we have varied the distribution of wealth for different industries in this country through the tariff, through the price fixing of the Interstate Commerce Commission, through the price fixing of the public-service commissions throughout the country; and there are two bills now pending in Congress that propose further price fixing—price fixing for vessels in intercoastal commerce; price fixing in connection with busses; and there are those who would fix prices for trucks upon the highways. But, Mr. President, when we talk about price fixing for the farmer, directly or indirectly, we are told that it is impossible; that nothing can be done; and we are not even willing to make an experiment.

It is pointed out that we did experiment with the Farm Board. Yes; and the results are already evident. We provided \$500,000,000 as a loan fund for that experiment.

But, Mr. President, in the last 10 years the postal deficit, which constitutes nothing more nor less than a subsidy, and largely to business, has amounted to more than \$600,000,000. No loan about that; it is gone. What we have done for the farmer is but a drop in the bucket. As I have pointed out before on the floor of the Senate, the Farm Board did not have a chance to bring back equality for the farmer. The Farm Board was nothing but a finance corporation for the agricultural industry. We gave the Farm Board no power that an ordinary corporation that might have been provided by the farmers could not have exercised. All we did was to provide for the payment of its expenses and to afford it \$500,000,000 to loan to the agricultural industry; for what purpose? For the purpose of returning equality to agriculture.

Mr. President, at that time it would have required an increase of \$4,000,000,000 a year in agriculture's annual income to have brought back equality. Therefore, what we actually proposed was that the farmer should be loaned \$500,000,000, and that he himself, with his training and his experience, should bring back equality to himself. What would he have accomplished had equality been reestablished? On that borrowed money he would have had to make 800 per cent annually for his industry. It was hopeless from the outset. It was not what the farmer asked. It was not what the representatives of the farmers asked. It was not what the Congress initially proposed.

Within the next 40 days are we going to consider what the farmer wants, what he needs, what is demanded to meet the situation; or are we going to adjourn about the 10th of June and go home and tell the farmer, "Congress has not the will to aid you, has not the will even to make an experiment for your benefit; it has not passed one constructive measure during the recent session that might enable you, if possible, to achieve equality with other industries"?

GIFT OF SILVER SERVICE TO MONTANA HISTORICAL SOCIETY

The PRESIDING OFFICER (Mr. VANDENBERG in the chair) laid before the Senate the amendments of the House of Representatives to the bill (S. 1047) authorizing the Sec-

retary of the Navy, in his discretion, to deliver to the custody of the Historical Society of Montana, for preservation and exhibition, the silver service which was in use on the gunboat, No. 9, *Helena*, which were, on page 1, line 4, to strike out "deliver to the custody of" and insert "loan to," and on the same page, line 7, after "*Helena*," to insert a comma and "until such time as he may order its return to the Navy."

Mr. WALSH of Montana. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

TRANSFER OF PUBLIC LANDS

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 2396) to amend section 11 of the act approved February 22, 1889 (25 Stat. 676), relating to the admission into the Union of the States of North Dakota, South Dakota, Montana, and Washington, which was, on page 2, line 2, to strike out all after "other" down to and including "State" in line 4 and insert "lands, public or private, of equal value and as near as may be of equal area, but if any of the said lands are exchanged with the United States such exchange shall be limited to surveyed, nonmineral, unreserved public lands of the United States within the State."

Mr. WALSH of Montana. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

STATUES OF GEORGE WASHINGTON AND ROBERT E. LEE

The PRESIDING OFFICER laid before the Senate the following concurrent resolution (H. Con. Res. 24) of the House of Representatives, which was read:

Resolved by the House of Representatives (the Senate concurring). That the thanks of this Congress be presented to the governor and through him to the people of the State of Virginia for the statues of George Washington and Robert E. Lee, whose names are so honorably identified with the history of our country; that these works of art are accepted in the name of the Nation and assigned to places in the old Hall of Representatives already set aside by Congress for the statues of eminent citizens; and that a copy of this resolution, signed by the President of the Senate and the Speaker of the House of Representatives, be transmitted to the Governor of Virginia.

Mr. GLASS. I ask that the Senate concur in the House resolution.

The concurrent resolution was considered by unanimous consent and agreed to.

NAVAL BUILDING PROGRAM

The Senate resumed the consideration of the motion proposed by the Senator from Maine [Mr. HALE] that the Senate proceed to consider the bill (S. 51) to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaties.

The PRESIDING OFFICER. The question is on the motion submitted by the Senator from Maine [Mr. HALE].

Mr. ROBINSON of Arkansas. Mr. President, I desire the attention of the Senator from Maine, but he does not appear to be in the Chamber at this moment.

Mr. BORAH. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Kean	Schall
Austin	Davis	Kendrick	Sheppard
Bankhead	Dickinson	Keyes	Shipstead
Barbour	Dill	King	Shortridge
Bingham	Fess	La Follette	Smith
Blaine	Fletcher	Lewis	Smoot
Borah	Frazier	Logan	Steiwer
Bratton	George	Long	Stephens
Broussard	Glass	McGill	Thomas, Idaho
Bulkeley	Glenn	McKellar	Thomas, Okla.
Bulow	Goldsborough	McNary	Townsend
Byrnes	Gore	Metcalf	Trammell
Capper	Hale	Moses	Tydings
Caraway	Harrison	Neely	Vandenberg
Carey	Hastings	Norris	Wagner
Cohen	Hatfield	Nye	Walcott
Connally	Hawes	Oddie	Walsh, Mass.
Coolidge	Hayden	Patterson	Walsh, Mont.
Copeland	Howell	Pittman	Waterman
Costigan	Hull	Reed	Watson
Couzens	Johnson	Robinson, Ark.	White
Cutting	Jones	Robinson, Ind.	

The PRESIDING OFFICER. Eighty-seven Senators having answered to their names, there is a quorum present.

Mr. ROBINSON of Arkansas. Mr. President, the debate on the motion of the Senator from Maine has developed a state of mind on the part of Senators which I think may well be taken into consideration by the Senator submitting the motion.

Unless the Geneva conference shall reach an agreement which will make unnecessary that course I shall favor building our Navy to the standard contemplated by the London treaty. But it is the thought of many Senators that the present is an inopportune time to make the authorization carried in the bill of the Senator from Maine.

In the first place, the Geneva conference is attempting to provide for the reduction of both land and naval armaments. Events have transpired which disclose that the task of the conference is exceedingly difficult, and its efforts may not result in signal success. Whether it is prudent to anticipate the conclusions of the Geneva conference and proceed at once with the authorization of the construction program, considered apart from other related questions, will, of course, be determined by each Senator.

Early in the present year what is called an armament truce was entered into by the leading nations participating in the Geneva conference. I do not assert that to proceed now with construction as contemplated by the bill would constitute a violation of the letter of that truce; it certainly might be construed as interfering with the spirit of the arrangement.

If it were proposed to proceed promptly with the execution of the program I would not make the suggestion about to be submitted to the Senator from Maine, namely, that action on the subject be postponed for, say, a period of 30 days. Everyone here would wish to see the very heavy expense which this bill will finally entail lightened, if it is possible and practicable to do so.

The Senator from Maine has announced that there is no intention of proceeding at an early date with construction. It is entirely true that plans might be in preparation. A delay pending further developments of the Geneva conference could not impair in any sense the national defense as contemplated by the program.

What I am thinking is that the Senate may vote to proceed to the consideration of this bill, debate it indefinitely, and then reach the conclusion that the time is inopportune for the recognition of the financial obligations in the bill. This thought is given some emphasis by the financial condition of the country, as well as the prevailing business condition.

I do not see that any harm will result to the United States from a postponement of this issue for a reasonable period. I can see how it is possible that other nations who have entered into the truce referred to and who are participating in the conference mentioned might question the good faith of our proceeding now to authorize a program which shall not be immediately begun and which in any event is not expected to be carried out within a few years.

So I am suggesting to the Senator from Maine that the motion and the subject be deferred for a period of, say, 30 days.

Mr. HALE. Mr. President, the Senator from Arkansas has suggested that my motion be deferred for a period of 30 days. If the motion is deferred, would the result be that we would get a vote on the motion and on the bill before the adjournment of this session of Congress? If I were sure that could be done, I should be entirely willing to accept the suggestion of the learned Senator from Arkansas; but I do not want to lose the position that my bill now has in the Senate.

The bill has been on the calendar for nearly two months. It is a bill which is very vital to the national defense of the country. I have been trying my best during the whole of these two months to bring up the bill. The steering committee has awarded me a preferred place on its program and we have come now to the time when the bill has a

chance of consideration. Unless I can have some assurance that my bill will be acted upon at this session of Congress, I do not think I should be called upon to give way now. Of course, if the Senator from Arkansas takes this attitude against bringing it up now and if Members of the Senate on his side of the Chamber follow him, as they may, in all likelihood the bill will not be taken up; but I would rather have the Senate vote on it than withdraw it now unless I may have some assurance that I will get action on it at this session of Congress.

Mr. ROBINSON of Arkansas rose.

Mr. HALE. Will the Senator wait just a moment?

Mr. ROBINSON of Arkansas. Certainly.

Mr. HALE. The Senator spoke about the Geneva conference and what may or may not be done at that conference. No one knows what will be done. In any event this bill does not in any way interfere with what may be done at the conference. There is a special clause in the bill which reads:

In the event of an international agreement for the further limitation of naval armament to which the United States is signatory, the President is hereby authorized and empowered to suspend, in whole or in part, the naval construction authorized by this act in order to bring the naval armament of the United States within the limitations so agreed upon.

The Senator from Arkansas has also spoken of the effect of the passage of the bill on other nations, and has said it might in some way be construed as not being in accord with the spirit of the armistice truce. This question was brought up yesterday in the Senate, and I read to the Senate a letter from the Secretary of State in which he stated in so many words that we have a perfect right under the terms of the truce to replace any of the existing vessels in our Navy. Furthermore, he stated that there was nothing in the bill that would contravene the truce in any way.

Therefore, Mr. President, much as I regret to do so, I shall have to go ahead with my motion. If the Senate votes it down, very well; but if the Senator from Arkansas can give me the assurance that I will get action on my bill, which is absolutely necessary if we are going to keep up our Navy, I am willing to accept his suggestion.

I think that on yesterday I showed the imperative need for its passage, which is that unless we pass the bill or the Vinson bill, which is before the House of Representatives, we will find ourselves next year in the same situation in which we find ourselves now. The Budget will not be able to make any recommendations for appropriations, and until it does so, and until authority for building has been granted by Congress, no appropriations can be made.

The very determined opposition which has been made to bringing up my motion, which is most unusual in the Senate—I do not recall having seen anything of the sort happen during this session of Congress—indicates that whenever we try to bring up any motion or measure to build up and keep up our Navy we are going to meet with determined opposition on the floor of the Senate.

Mr. SHIPSTEAD. Mr. President—

The PRESIDING OFFICER. Does the Senator from Maine yield to the Senator from Minnesota?

Mr. HALE. I yield.

Mr. SHIPSTEAD. I would like to ask the Senator from Maine, in view of the fact that we are taxing the taxpayers of the United States \$750,000,000 this year for foreign governments, and in view of present economic conditions in the United States, if he thinks we can afford to build a navy involving such an enormous expenditure this year?

Mr. HALE. I will reply to the Senator by asking him if, in view of the world situation, he thinks we can afford to give up our Navy? This bill is not principally for the purpose of adding to our Navy by building new ships that do not replace ships which we have now. It is principally to replace ships which we now have and which are wearing out and becoming obsolete.

Mr. SHIPSTEAD. It is principally to carry out the program outlined by the naval conference at London, and

will, as I understand it, involve an expenditure of over \$1,000,000,000.

Mr. HALE. Yes; but there were no definite figures given.

Mr. SHIPSTEAD. The figures that were given out at the time by the Navy Department were in excess of \$1,000,000,000, as I understood them. I voted against that treaty myself because of the fact that it put the blessing of the Congress of the United States upon a large naval program for every country in the world.

Mr. HALE. But in the treaty of London and in the treaty of Washington a ratio was agreed upon among the various nations which took part. The understanding of the Congress and of the people of the United States when that ratio was determined upon was that we were going to live up to it. We have not lived up to it. While we have let our Navy drift behind other countries have kept theirs up, so we find ourselves now far below the ratio figures that were adopted in the treaty. I maintain that is not a proper situation into which we should permit the United States to drift.

Mr. SHIPSTEAD. In view of the fact that we ratified that treaty, the logical step is for the Government of the United States, if we can afford it, to build up our Navy to the naval strength which the Treaty of London agreed was a proper limitation.

Mr. HALE. I quite agree with the Senator, and that is what I am trying to bring about.

Mr. SHIPSTEAD. If I had voted for the treaty I would vote for this bill.

Mr. HALE. Mr. President, can the Senator from Arkansas give me any assurance that I will get action on my bill at this session of Congress?

Mr. ROBINSON of Arkansas. Mr. President, I was trying to assist the Senator from Maine. I am not able to give him assurance that the Senate would vote on the bill. I am pointing out to the Senator the fact that I am in sympathy with building up to the standard of the London Treaty unless that standard is reduced by a subsequent treaty; that I think if he forces the issue now he is going to lose, and that there is no such emergency with respect to this program as makes it imperative that the bill be voted on immediately.

Of course I could not bind the Senate to vote on either the motion or the bill itself. The Senator well understands that. My thought is that during the course of the next 30 days events may transpire which will reflect further light on the necessity of proceeding with the program.

The Senator has said it is necessary to pass the bill right now or during this session in order to secure recognition in the Budget for next year. The Senator well knows that there is another session of Congress to be held this fall. The Senator well knows that a deficiency appropriation may be estimated for and sent to the Congress at any time after an authorization is made. Many Senators who sympathize with the purpose to maintain a Navy in due and fair proportions to other navies feel that no wholesome end will be accomplished by passing the bill at this juncture, and they do not care to be committed to opposing the program of construction which the bill contemplates, provided that program is not modified.

It has been said by others that owing to the state of the Treasury and to the demand for emergency appropriations, only some of which have been authorized and others of which probably will be authorized, the Congress might very well defer action until it knows whether the Geneva conference is going to accomplish anything substantial in the way of reducing armament.

Mr. HALE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Maine?

Mr. ROBINSON of Arkansas. Certainly.

Mr. HALE. I take it whatever the Geneva conference accomplishes, the Senator would not want to have this country tie itself up to any weakening of the ratios already established with Great Britain, Japan, France, and Italy in the Washington treaty. Am I not correct?

Mr. ROBINSON of Arkansas. Certainly; but it does not follow that adherence to the ratio implies or makes unavoidable the execution of the plan in the treaty heretofore agreed to. If there is anything in the suggestion that world conditions will prompt other nations to coordinate their efforts with a view to reducing the burdens of militarism, I do not care to take a course which might embarrass those efforts. I do not express an opinion as to prospects for the success of the Geneva conference.

If I thought the question of national defense were really involved here, I would waive the consideration which I am urging upon the Senator from Maine. He has referred to what we may do on this side. I was prompted to make this suggestion by a number of Senators who feel about it as I do. I hope the Senate will not take up the bill, debate it for a week, and then reject it, as I must say to the Senator I think is probable, from the discussion that has proceeded here, and the considerations that will prompt its rejection, in the main, are not related to questions of national defense or the adequacy of the Navy. They are related to the subject pertaining to the conference at Geneva and the efforts there to reduce the standard of armament and to the truce into which this Government entered.

I said in the beginning that there was no intention to assert that to go forward with this program would be a violation of that truce; but, after all, I am wondering what an armament truce means if it implies that this Government is entirely free to observe the truce and at the same time commit itself to appropriations approximating \$1,000,000,000 for naval construction.

Mr. HALE. Mr. President, under the terms of the truce to which the Senator from Arkansas refers any country party to the truce has the right of replacement. This was not our original idea; it was not the original Italian idea; but the other countries in their acceptance of the truce made that express reservation. It was acting on that reservation that the Secretary of State took the matter up with the Army and the Navy and got their approval of the truce before it was finally agreed to by this Government. Furthermore—

Mr. BORAH. Mr. President—

Mr. HALE. The Senator will excuse me for a moment. Furthermore, Mr. President, as I pointed out yesterday, two of the countries parties to the truce have already started building replacements.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Maine yield to the Senator from Idaho?

Mr. HALE. Yes; I yield.

Mr. BORAH. Mr. President, I think, under all the circumstances, the Senator from Maine is entitled sometime during this session to test his bill on its merits. So far as I am concerned, whatever my views might be as to the merits of the bill I should not stand in opposition to the Senator having a right to be heard upon it and having a vote upon it.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Idaho yield to me?

Mr. BORAH. I will yield to the Senator from Arkansas in just a moment. However, I would prefer to debate this bill after the Geneva conference is through. So far as any doubts that I have to express are concerned, I would prefer to express them after the Geneva conference is through.

Mr. HALE. Does the Senator from Idaho have any idea when the Geneva conference will get through?

Mr. BORAH. I have an idea; but, of course, I do not know.

Mr. HALE. Will it be this year, or this decade, or when will it be?

Mr. BORAH. The Geneva conference is about through now, in my opinion; but I would prefer to discuss the bill after it is realized that the Geneva conference, whether through or not, is not going to accomplish anything along the lines in which I am interested. For that reason, I should prefer that the consideration of the bill be deferred, and although I am opposed to taking it up at this time, I shall not interpose any objection to the Senator from Maine having his bill taken up at the end of 30 days.

Mr. HALE. Mr. President, I am impressed, of course, by the attitude taken by these older and more distinguished Senators in this body, and if I could act with them I should like to do so. I am wondering, however, if it would not be possible to enter into an agreement by unanimous consent to take up the bill at a later period, possibly after 30 days, and agree to have a vote within a certain time thereafter?

Mr. ROBINSON of Arkansas. Mr. President, I thought I made clear in suggesting the postponement of the motion that while no assurance could be given the Senator from Maine on my part that a vote would be had, for reasons that are perfectly clear—having no authority to bind the Senate—I have no objection to proceeding to the consideration of the bill. I did not myself propose a time for a vote, because it was clear to my own mind that such an agreement could not be secured at this time.

Mr. McNARY. Mr. President, I do not want to take the able Senator off his feet.

Mr. ROBINSON of Arkansas. I have concluded what I had to say.

Mr. McNARY. I listened to the Senator's proposal. Of course, in order to make this bill a special order for some time during the session of Congress, would require a unanimous-consent agreement. I think we all agree that Congress will probably be in session on the 3d day of June, but that we shall adjourn by the 12th of June.

Mr. ROBINSON of Arkansas. In the language of the Senator from Maine, if the Senator from Oregon can give me some assurance to that effect I shall be both astonished and gratified.

Mr. McNARY. I was merely suggesting to the Senator from Arkansas whether it would be possible to come to an agreement to vote on the bill or to make it a special order for June 2.

Mr. BORAH. We should have to have an agreement to take the bill up at some time.

Mr. McNARY. I was suggesting the possibility at this time of entering into an agreement—and I am assuming that June 2 might be agreeable all around—to make the bill a special order for that day.

Mr. BORAH. So far as I am concerned, I would agree that the bill be taken up on a certain day.

Mr. HALE. Mr. President, the Senator from Idaho has said that he thought I was entitled to a vote on my measure.

Mr. BORAH. The Senator knows that I do not filibuster.

Mr. HALE. I know that.

Mr. BORAH. But if we take the bill up on a certain day, I should like to have a reasonable time in which to discuss it; that is all. I do not know that I should want 10 minutes; possibly I should not, I do not know, but I might. The trouble is that if we consent to vote upon a certain day we do not know whether or not the bill will be laid before the Senate prior to that time.

Mr. HALE. Mr. President, what I should like to do would be to secure unanimous consent to make the bill a special order for a certain date and then agree that so much time shall be taken for its consideration before a final vote.

Mr. LEWIS. Mr. President—

The VICE PRESIDENT. Does the Senator from Maine yield to the Senator from Illinois?

Mr. HALE. I yield.

Mr. LEWIS. Mr. President, I do not desire my silence to imply that I agree to the theory of disposing of this bill either by avoiding its consideration now or defeating it by a vote in the future. I do not agree with many of my colleagues on this side, able and eminent as I know them to be, nor eminent Senators on the other side as to the question particularly at stake, that is, in assuming that the conference at Geneva will reach any conclusion that should divert the United States of America from taking whatever course its natural sense of defense and preservation would indicate to the agents of the people sitting as Members of Congress.

I wish to say that if the Geneva conference is hoped for to work out any solution or conclusion which would gratify the desire of those who look for disarmament or limitation

of armaments, nothing would bring that action more quickly than the observation that the United States has proceeded to consider its part of the treaty at once and proceeded to meet the displacement of ships so far as it is privileged to do and has given indication that, if it is not duly provided in the Geneva conference that protection inures to this Government along the lines of a convention consistent with the interests of America, the United States will proceed for itself.

The very action here in considering the bill, based on the theory that it is in compliance with the conventions of the past, will do much to bring to a focus the present convention, that seems to be playing with the fate of politics, as it ejects and rejects the propositions of the distinguished Secretary of State, if the public press be correct. In such an atmosphere nothing would more stimulate it to a sincere action and to a definite end as the entry now of the Senate upon the consideration of this bill, provided that we are complying with the convention and neither play with its purpose nor postpone its consideration.

Therefore for myself I heartily favor either course, the entering upon the consideration of the bill now that we may prove what its object is, or, second, the reaching of some agreement that will give us opportunity to present to the country the views of the Senate upon its national defense and its righteous position in the international relations of the world—

Mr. THOMAS of Oklahoma. Mr. President—

The VICE PRESIDENT. Does the Senator from Maine yield to the Senator from Oklahoma?

Mr. HALE. I yield.

Mr. THOMAS of Oklahoma. I desire the floor in my own right as soon as I can get it.

Mr. HALE. Mr. President, I should like to put a request for unanimous consent. I ask unanimous consent that the Senate set this bill as a special order for June 3, and that thereafter the bill shall come to a vote within two days' time.

The VICE PRESIDENT. Is there objection?

Mr. KING. Mr. President, if the Senator from Maine, who is so ardently pressing the consideration of the bill, which I think ought not to be taken up at this time because of the reaction and the repercussions, which would be disastrous, I think, to the proper consideration of the problems of the Geneva conference, would separate his proposition, I am not so sure but I would not assent to it.

If, however, he intends to couple with the request that the Senate take up the bill on a certain day the further request that the discussion shall be limited to one or two days, I am opposed to that. If the Senator will ask unanimous consent to proceed to the consideration of the bill or to make it a special order at some date early in June, speaking for myself only I shall not object.

Mr. HALE. Mr. President, I am afraid if we simply agree to take up the bill on June 3, that date being so near the possible end of the session, the same tactics would be adopted at that time that are now being employed against my motion to take up the bill, and it would be a very easy matter to carry the bill over and take no action whatever.

Mr. BORAH. Mr. President—

The VICE PRESIDENT. Does the Senator from Maine yield to the Senator from Idaho?

Mr. HALE. I yield.

Mr. BORAH. Would it be agreeable to the Senator to take the bill up at a certain day and agree that there shall be a vote on it before adjournment?

Mr. HALE. Yes; I would agree to that.

Mr. McNARY. Mr. President, in view of the statement made by the Senator from Idaho [Mr. BORAH], I should like to suggest a unanimous-consent agreement that the bill now under consideration be made a special order of the Senate for June 2 and be kept before the Senate thereafter until a final vote is reached. Such an agreement will impose no limitation of time in the consideration of the measure but will assure a vote after a full hearing.

Mr. DILL. Mr. President, I would not want to agree to that proposal, because the date would be so near the prob-

able end of the session that other legislation of extreme importance that should be enacted might be crowded out.

The VICE PRESIDENT. The Senator from Washington objects to the request of the Senator from Oregon. Is there objection to the request of the Senator from Maine?

Mr. HALE. Mr. President, it seems to me that the suggestion of the Senator from Idaho would be entirely fair, that the bill be made a special order for June 3, and that final action be taken on the bill before the close of the session. I should be entirely willing to accept that. The bill then would not have to be before the Senate between those dates unless the Senate saw fit to consider it.

Mr. DILL. Do I understand that the Senator proposes to have a vote on the bill on that day?

Mr. HALE. Oh, no!

Mr. DILL. Then, it might keep us in session all summer.

Mr. BORAH. Mr. President, the Senator from Washington knows perfectly well that it would be impossible to keep a concurrent resolution for adjournment from being passed this summer. This seems to me to be a fair proposition, because it does not necessarily keep the bill before the Senate continuously. Other matters may be taken up. It is simply an agreement that we shall have a vote before the Senate adjourns.

Mr. ROBINSON of Arkansas. I think that should be satisfactory to everyone.

The VICE PRESIDENT. Is there objection?

Mr. McNARY. Mr. President, may the proposed agreement be stated specifically again?

The VICE PRESIDENT. The proposed unanimous-consent agreement will be stated.

The legislative clerk read as follows:

Ordered by unanimous consent, That the bill (S. 51) be made a special order for Friday, June 3, 1932, and that final action be taken on the bill before the adjournment of the present session of Congress.

The VICE PRESIDENT. Is there objection?

Mr. DILL. Mr. President, would not that require a quorum?

Mr. JONES. Mr. President, do I understand that that would not interfere with the consideration of appropriation bills?

The VICE PRESIDENT. The Chair does not think a request of this kind requires a quorum, because it does not fix a specific day for a vote.

Mr. DILL. It seems to me it is a matter for which there ought to be a quorum here. Senators who have been very much interested in this matter did not know it was coming up. I think there ought to be a quorum; and I make the point of no quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Kean	Schall
Austin	Davis	Kendrick	Sheppard
Bankhead	Dickinson	Keyes	Shipstead
Barbour	Dill	King	Shortridge
Bingham	Fess	La Follette	Smith
Blaine	Fletcher	Lewis	Smoot
Borah	Frazier	Logan	Steiwer
Bratton	George	Long	Stephens
Broussard	Glass	McGill	Thomas, Idaho
Bulkley	Glenn	McKellar	Thomas, Okla.
Bulow	Goldsborough	McNary	Townsend
Byrnes	Gore	Metcalf	Trammell
Capper	Hale	Moses	Tydings
Caraway	Harrison	Neely	Vandenberg
Carey	Hastings	Norris	Wagner
Cohen	Hatfield	Nye	Walcott
Connally	Hawes	Oddie	Walsh, Mass.
Coolidge	Hayden	Patterson	Walsh, Mont.
Copeland	Howell	Pittman	Waterman
Costigan	Hull	Reed	Watson
Couzens	Johnson	Robinson, Ark.	White
Cutting	Jones	Robinson, Ind.	

The VICE PRESIDENT. Eighty-seven Senators have answered to their names. A quorum is present.

Mr. JONES. Mr. President, I desire to make a parliamentary inquiry. If this agreement should be entered into, but we should desire to take up an appropriation bill, and it should be necessary to take it up by motion, would such a motion be out of order?

The VICE PRESIDENT. The motion would not be out of order, inasmuch as the agreement does not provide that the bill shall be kept continuously before the Senate, and the appropriation bill could be taken up by a majority vote.

Mr. JONES. This agreement would not interfere with it?

The VICE PRESIDENT. It would not interfere with it if a majority of the Senate should vote to take up the other measure.

Mr. McNARY. Mr. President, after the proposition is stated, I desire to propound a parliamentary inquiry.

The VICE PRESIDENT. The proposed unanimous-consent agreement will be stated.

The legislative clerk read as follows:

Ordered by unanimous consent, That the bill (S. 51) be made a special order for Friday, June 3, 1932, and that final action be taken on the bill before the adjournment of the present session of Congress.

The VICE PRESIDENT. Is there objection?

Mr. McNARY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. McNARY. Should the Senate accept the unanimous-consent agreement, would unanimous consent be required to adjourn the session of the Senate?

The VICE PRESIDENT. The Senate, by a majority vote, could agree to a concurrent resolution for a final adjournment of the two Houses; but, under the agreement, the Chair believes that Senate bill 51 would have to be submitted to a vote before the adjournment of the Senate was had.

Mr. COUZENS. Mr. President, I do not see why the unanimous-consent agreement can not be agreed to without the last section, with respect to passing the bill before the adjournment of this session of Congress.

Mr. ROBINSON of Arkansas. There is no agreement to pass it. There is an agreement to vote on it.

Mr. COUZENS. I should like to have the last section of the proposed unanimous-consent agreement read.

The VICE PRESIDENT. Let it be read.

The legislative clerk read as follows:

And that final action be taken on the bill before the adjournment of the present session of Congress.

Mr. COUZENS. If that means what it says, we are going to stay here until we take final action on the bill, and that is what I object to.

Mr. McNARY. Mr. President, the question I propounded was this: Suppose it was the desire of Congress to adjourn, seeing the futility of attempting to reach a final vote. Would it require unanimous consent, or can the Congress at any time adjourn by two-thirds vote, irrespective of the language of the unanimous-consent agreement?

The VICE PRESIDENT. In the judgment of the Chair, an adjournment of the two Houses can be brought about by a majority vote of the Senate and a majority vote of the House.

Mr. COUZENS. The agreement is misleading, then.

Mr. NORRIS. Mr. President, I have great respect for the opinion of the Chair; but it seems to me perfectly plain that if we agree to this unanimous-consent proposal we must finally dispose of this bill, unless we change the agreement by unanimous consent, before we adjourn without day, and that it would be impossible for the Senate to adjourn except by unanimous consent.

Mr. ROBINSON of Arkansas. Mr. President, may I interrupt the Senator?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Arkansas?

Mr. NORRIS. Yes.

Mr. ROBINSON of Arkansas. If the agreement should be entered into, clearly, to my mind, the two Houses could adopt a concurrent resolution, say, to adjourn on the 12th of June. The effect of this agreement is to require a vote on the bill prior to adjournment.

The VICE PRESIDENT. That is what the Chair stated.

Mr. ROBINSON of Arkansas. But the adjournment would be brought about by exactly the same process that is customary. In other words, if we voted to adjourn on the 4th

of June we would have to vote on this bill either on the 3d after it was taken up or on the 4th before adjourning. Of course, that is just by way of illustration.

Mr. COUZENS. Mr. President, if the Senator will yield, I should like to ask how a vote would be forced if some Senator had the floor and would not surrender it before the time of adjournment.

Mr. ROBINSON of Arkansas. The Chair would hold, before declaring the Senate adjourned, that the Senate had obligated itself to vote; and before putting the adjournment resolution into execution he would put the question.

Mr. COUZENS. How would he take off the floor a Senator who was occupying it up to the time of adjournment?

Mr. ROBINSON of Arkansas. He would hold that further discussion was out of order; that the unanimous-consent agreement precluded further discussion.

Mr. FESS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. FESS. If this unanimous-consent agreement is entered into, and the House passes a concurrent resolution saying that the House will adjourn on the 10th of June, for example, at 12 o'clock, and the concurrent resolution comes over here and we pass it, and we have not yet voted on this bill, and I get the floor just before 12 o'clock and hold it, and the hour of 12 o'clock arrives—the time fixed for adjournment under the concurrent resolution—what would be the decision of the Chair?

The VICE PRESIDENT. The Chair would hold that the Senator could be taken from the floor by the point being made, and a vote taken on the bill.

Mr. ROBINSON of Arkansas. That is right.

Mr. FESS. And adjournment would be enforced by virtue of the preceding vote on the concurrent resolution? I think that is correct.

Mr. NORRIS. Mr. President, in the case the Senator puts, suppose we had agreed with the House to a concurrent resolution that we would adjourn at 3 o'clock p. m. on a certain day, and the Senator had the floor at that time. At 3 o'clock the Chair, if it was in order for him to do so, would announce that the Senate was adjourned without date; and if the Senator had the floor he could keep it until 3 o'clock.

What the Chair would have to do, if he complied with this unanimous-consent agreement, would be, at some time before 3 o'clock that he judged would be long enough, to call for a vote on the bill; and there might be a dozen amendments offered, and roll calls held. I do not see how it could be determined.

Mr. PITTMAN. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Nevada?

Mr. NORRIS. I do.

Mr. PITTMAN. I am inclined to agree with the Senator from Nebraska that a Senator can not be taken off the floor by an agreement to vote on something at an indefinite hour. But would it not meet the proposition if we should agree that if this matter had not been voted on prior thereto, one hour before the time set for adjournment we should vote on it?

Mr. NORRIS. Even that might get us into a predicament where it would be physically impossible to carry out the agreement, it seems to me.

I do not understand why Senators who are in favor of this bill want to compel the Senate to vote on it before a certain time if the Senate does not want to. If there were to be no proposition for adjournment, we could carry this agreement out, of course; at a certain time we could commence to vote, and keep on until we got through. But why fix any time?

Mr. HALE. Mr. President—

Mr. NORRIS. We have not had a vote in the Senate as to whether we want to take the bill up or not. Suppose a majority of the Senate does not want to take it up; under this we might have to do it any way. It would give to the bill a preferential status, it seems to me, to which it has not been shown to be entitled.

Mr. HALE. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. HALE. The Senator was not in the Chamber, I believe, when the Senator from Arkansas asked me to postpone my motion for a period of 30 days.

Mr. NORRIS. I was here, and heard what was said. Suppose the Senator did want to lay it aside for 30 days; why not do so?

Mr. HALE. I replied to the Senator from Arkansas that I would be very glad to do so, if I knew I could get action on the bill at this session of the Congress.

Mr. NORRIS. I do not understand why the Senator has to know in advance that he is to have action on it at this session of Congress. There may be enough Senators to prevent that.

Mr. HALE. I was trying to comply with the wishes of Senators.

Mr. NORRIS. I realize that. Personally, I am opposed to taking any action on the bill at this session of Congress, and I dislike to bind myself so that I will have to. If I agree to this unanimous consent, I will have foreclosed myself, and can not help myself.

Mr. President, unless the unanimous-consent proposal is modified by striking out the last clause, I shall have to object to it.

The VICE PRESIDENT. Is there objection?

Mr. HALE. Mr. President, I can not agree to that.

The VICE PRESIDENT. Objection is made, and the question is on the motion of the Senator from Maine.

Mr. NORRIS. I am willing, if the Senator will change his unanimous-consent request, to agree to take the bill up at the time suggested. I will not go any farther than that.

Mr. HALE. I do not think I can agree to that.

Mr. THOMAS of Oklahoma. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. THOMAS of Oklahoma. What is the matter pending before the Senate?

The VICE PRESIDENT. The question is on the motion of the Senator from Maine to proceed to the consideration of Senate bill 51.

Mr. THOMAS of Oklahoma. Mr. President, I note that this bill—Senate bill 51—has preference, as the same is contained in a letter from the chairman of the committee on order of business of date April 25. I note in the first paragraph of the letter the following:

At a meeting to-day of the committee on order of business it was decided, in response to numerous requests, that S. 4412 should be given early consideration because of its emergency nature. The committee therefore respectfully amends its recommendations of April 2 in this one particular and suggests that the following bills be made the unfinished business in the following order:

Calendar No. 298. S. 51. A bill to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaties.

Mr. President, I have before me Senate bill 51, and I want to ask the distinguished chairman of the Committee on Naval Affairs just what this bill proposes to do, if anything, or to have done?

Mr. HALE. Senate bill 51?

Mr. THOMAS of Oklahoma. Yes.

Mr. HALE. I think I have explained that. The purpose of the bill is to authorize the President to build the Navy up to the limits of the Washington and London treaties.

Mr. THOMAS of Oklahoma. I will ask the question again: How many ships does the bill propose to authorize to be constructed?

Mr. HALE. Enough ships to bring the Navy up to the limits of the Washington and London treaties.

Mr. THOMAS of Oklahoma. How many would that be?

Mr. HALE. That would depend entirely upon when action should be taken. If we were going to build up to the limits of the treaty in four years, a certain number of ships would have to be built. If we were going to build the Navy up within 10 years, after a lot of other ships have become over age, it would mean more ships.

Mr. THOMAS of Oklahoma. What does the Senator hope to accomplish under this bill, if the bill shall be enacted?

Mr. HALE. I hope to get the authorization to build up so that when our ships become over age they can be replaced.

Mr. THOMAS of Oklahoma. I am trying to find out how many ships the Senator thinks would have to be built.

Mr. HALE. I say it depends on when we reach the limits defined by the treaty.

Mr. THOMAS of Oklahoma. How much money would it take to build this indefinite number of ships the Senator hopes to have built under this bill?

Mr. HALE. Mr. President, I have already explained these matters to the Senate. It would depend entirely on when it was done. If we built up to the limits of the treaties by the close of the year 1936, it would cost about \$786,000,000. If we did not build up to the limits of the treaties until 1942, it would cost about \$980,000,000. If we did not build up for 20 years, by which time the whole Navy would have to be replaced, and it would cost just under \$2,000,000,000.

Mr. THOMAS of Oklahoma. Mr. President, in the committee report I find this significant paragraph:

We believe it is imperative that the United States authorize a building program at this time and thus give notice to the world that we intend to maintain the ratios established by the Washington and London treaties.

We have now spent two days debating whether or not we will take up this bill, and yet do not know how many ships it will be necessary to build.

Mr. HALE. I can give the Senator the exact number of ships we will have to build.

Mr. THOMAS of Oklahoma. I have asked that question two or three times, and I will be very glad to yield for an answer.

Mr. HALE. If we do not build up for 20 years, we will have to build 200 ships, which would mean the whole Navy. If we build up by the end of 1936, we will have to build 118 ships. If we do not build up until 1942, it would mean 140 ships.

Mr. THOMAS of Oklahoma. Then we have spent two days in deciding, or trying to decide, whether or not we will enact legislation authorizing the construction of 150 to 180 ships, at a cost of something like \$750,000,000 to \$1,000,000,000. Is that a fair statement of the proposition?

Mr. HALE. The Senator does not take into consideration the fact that to replace our present Navy, whether we add the few ships to bring us up to treaty strength or not, will cost very nearly \$2,000,000,000. If we do not build ships, the Navy will simply go on the rocks. There is very little under the provisions of this bill that we would not have to do just to keep up the Navy that we have now.

Mr. THOMAS of Oklahoma. Mr. President, I have no desire to delay the suggested legislation. I did not object to the unanimous-consent agreement being made for its future consideration.

Mr. HALE. That is all I ask.

Mr. THOMAS of Oklahoma. But apparently the Senate is not willing at this time to take up this bill for further consideration; and until those who are managing the affairs of the Senate can get together and come to some agreement I make this motion: That the Senate proceed to consider Order of Business 604, the same being Senate bill 4412, introduced by the junior Senator from Virginia [Mr. GLASS], a bill to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

The VICE PRESIDENT. That motion is not in order while another motion is pending.

Mr. THOMAS of Oklahoma. Mr. President, I offer my motion as a substitute for the pending motion.

The VICE PRESIDENT. The pending motion is not amendable. The question is on the motion of the Senator from Maine. Does the Senator from Oklahoma want to debate that?

Mr. THOMAS of Oklahoma. Mr. President, the question before the Senate is a proposal to consider S. 51, a bill relating to the construction of ships. I do not agree with the committee which arranged this order of business. There is a

situation in this country that is unprecedented. Our banking system has collapsed. Not only has the country banking system collapsed, but the Federal reserve system has likewise collapsed. I am not blaming either the national or the several State banking systems for such collapse. The banks are being condemned for the condition before us, and the charge is made that they are not cooperating because they will not lend money. I do not join in this criticism of the banks. The banks have money, but I ask, Mr. President, what is there in the country on which the banks could safely lend their money? There is no longer much security that is good for loans, save Liberty bonds and gold. Liberty bonds are selling at a premium. There is no reason why anybody should borrow money on Liberty bonds. Farm lands, city property, livestock, commodities, and even corporate and industrial properties have ceased to have loan values. With the present conditions confronting the country, with eight or nine million unemployed, with cities in need of money to pay the salaries of their officials, with the teachers and policemen and State and county officials without money, here we are spending two days debating whether or not we will take up a bill to authorize the construction of 150 to 180 ships to cost \$750,000,000 to a billion dollars.

Mr. President, a few days ago the papers carried the statement that the barometer of national business, the stock market, has already taken its ninth downward swing. We have had panics before, we have had depressions before, but this is the first panic or depression in this country when the downward swings have numbered more than five. Already there have been four downward swings in excess of any panic this Nation has ever experienced.

There is pending upon the calendar and next in order the bill which was the subject of my motion, which motion was just held out of order, and that bill has to do with the banking situation. I make the statement again that the banking system as it was intended to operate has failed, not because of what the banks are not doing but because of conditions in the country. The people who need money can not get it; those who can get it do not want it.

I am not blaming the national banks; I am not blaming the State banks. It is not their money they have in their vaults. Perhaps some of it is theirs, but only a meager, small portion. The capital stock is the property of the stockholders; the surplus is theirs, but the balance of the moneys the banks have on deposit is not theirs. It belongs to their depositors. The banks are nothing more than the trustees for those depositors. Those of our fellow countrymen who are condemning and criticizing the country banks for not making loans are doing them an injustice. The country banks are not in control of the economic policy of the Republic. The Federal reserve system is, and I am coming to that system in a moment.

I want to differentiate between the State and the national banks on the one side and the Federal reserve system on the other. I am not condemning the national banks, neither am I condemning the State banks of the Nation. They are not to blame for the laws that are passed or for the laws that are not passed. They are not to blame for the economic conditions which confront the country. The Federal reserve system may be blamed for those things, but certainly not the national banks and not the State banks of the Nation. The country banks are being blamed for not loaning money.

The statement is made in the public press and upon the floor of the Senate that the banks' vaults are full and running over with money, and then some people can not understand why it is that the banks with these large sums of money—deposited money though it is—are unwilling to make loans to the people who need and who want loans. The people who need and want the money have no way to get it. They have no collateral that is acceptable as a basis of safe loaning. I am not blaming the banks, the trustees of the people's money, for not making loans upon collateral that has no loanable value.

What have we to-day in this Nation that has value? Farm lands have no loanable value. They have not sufficient

value to pay the taxes, much less the interest. City property has no loanable value. Manufacturing plants have no such value. Railroads have no such value. But two things have acknowledged value, one of which is gold and the other Government bonds. Those who have gold do not need to borrow. Those who have Government bonds do not need to borrow. They can sell most of their Government bonds to-day at above par. Until something is done to place value back of the commodities and back of the property, the banks can not make safe loans.

Mr. President, the Constitution of the United States, in section 7 of Article I, provides that the Congress shall have the power "to coin money" and to "regulate the value thereof." There is no power that can coin money save the Congress. The responsibility rests upon the Congress and the Congress can not escape the responsibility and the duty of coining money and of regulating the value of money.

Yesterday the House of Representatives passed a bill in an effort to exercise this power of regulating the value of money. At this time I invite attention to H. R. 11499. It is very short. It is now before the Senate. I send a copy of the bill to the desk and ask that it be read in my time.

The VICE PRESIDENT. Without objection, the clerk will read, as requested.

The legislative clerk read the bill (H. R. 11499) for restoring and maintaining the purchasing power of the dollar, as follows:

Be it enacted, etc., That the Federal reserve act is amended by adding at the end thereof a new section to read as follows:

"Sec. 31. It is hereby declared to be the policy of the United States that the average purchasing power of the dollar as ascertained by the Department of Labor in the wholesale commodity markets for the period covering the years 1921 to 1929, inclusive, shall be restored and maintained by the control of the volume of credit and currency."

Sec. 2. The Federal Reserve Board, the Federal reserve banks, and the Secretary of the Treasury are hereby charged with the duty of making effective this policy.

Sec. 3. Acts and parts of acts inconsistent with the terms of this act are hereby repealed.

Mr. THOMAS of Oklahoma. Mr. President, that bill was passed by the House of Representatives on yesterday by a vote of almost 5 to 1, there being 289 votes for it and 60 votes against it; so a bill directing the Federal reserve system to regulate the value of money was passed by one branch of the Congress on yesterday and the bill is now pending before this body, having been referred to the Banking and Currency Committee.

During the past few weeks the question of the value or the buying power of the dollar has been discussed not only in Washington but in every part of the country. The American dollar has become the standard of value not only in the United States but in all parts of the world. Gold alone is not the standard. It is the American dollar that is the standard. It is the standard here. It is the standard in Europe. It is the standard every place where values are measured. During the past few weeks the country has come to a general conviction that the buying power of the dollar is too high. When the dollar buys 3 bushels of wheat, it buys too much wheat. The dollar, when it buys 5 bushels of corn, buys too much corn. When the dollar buys 15 to 18 pounds of cotton, it buys too much cotton. The country has realized that the buying power of the dollar is too high. I think now I am safe in saying that the demand of the country is to have the buying power of the dollar brought down, and to the extent that the buying power of the dollar is brought down the selling price of commodities will be raised.

That was the purpose of the bill passed by the House on yesterday to direct the Federal Reserve Board to take steps to bring down the high buying power of the dollar, thereby raising the value of agricultural commodities, thereby raising the value of land, thereby raising the value of city property, and thereby reinvesting the public of the country with some buying power. Inasmuch as this bill will be the subject of much discussion, I ask unanimous consent to have printed in connection with my remarks the committee report submitted by Mr. GOLDSBOROUGH in support of his bill.

The VICE PRESIDENT. Without objection, it is so ordered.

The report is as follows:

[House Report No. 1103, Seventy-second Congress, first session]
RESTORING AND MAINTAINING THE PURCHASING POWER OF THE DOLLAR

Mr. GOLDSBOROUGH, from the Committee on Banking and Currency, submitted the following report (to accompany H. R. 11499):

The Committee on Banking and Currency, to whom was referred the bill (H. R. 11499) to amend the Federal reserve act by adding at the end thereof a new section, and for other purposes, having considered the same, report favorably thereon with recommendation that the bill do pass without amendment.

Within the scope of a committee report it is not possible to discuss in detail the technical economic principles involved in H. R. 11499, but it is possible to determine the anticipated workings of the action of the principle if it is crystallized into legislation.

The bill has two features—an emergency feature and a permanent feature. The emergency feature contemplates a rise in the general commodity price level to the average existing between 1921 and 1929, inclusive, and the substantial maintenance of that price level.

As to the emergency feature, all authorities agree, first, that it is impossible for the debts of the country to be paid at the present price level, and that unless the price level is raised the business of the country is headed for inevitable bankruptcy; and, second, that the present price level is unjust to debtors.

Speaking roughly, but with substantial accuracy, the dollar will purchase about \$1.60 more of commodities than in the 1921-1929 period, and about \$1.56 more of commodities than it would purchase between the period of 1918-1931 and the first quarter of 1932, inclusive. It would purchase now what it would have taken \$1.25 to purchase about a year ago, which means that the producer—that is, the debtor—is being confronted with an ever-increasing burden. His debts, principal and interest, remain fixed. The commodities he sells and which would have purchased a given number of dollars when he borrowed them have decreased in their purchasing power.

To go one step farther, unemployment is constantly increasing, because on a constantly declining market business can't go on. It is impossible to produce below the cost of production.

The Committee on Banking and Currency, after a most painstaking and careful investigation by a subcommittee, reached two conclusions: First, that the average price level from 1921 to 1929 would reestablish substantial justice, between debtor and creditor; and, second, that a rise to the price level of 1921-1929 would make lower standards of living unnecessary, would justify salaries and wages at the predepression level; in short, would make unnecessary the process of painful economic readjustment which will have to be consummated if the price level is not raised.

The committee also reached the conclusion that unless the price level were raised substantially to the point above indicated the burden of debt would not only seriously hamper production and destroy the producing class as now constituted but that the creditor class, being unable to collect their fixed obligations, would also go down in the crash.

Then the question arose as to what could be done.

The Federal reserve system under the leadership of Benjamin Strong, former governor of the Federal Reserve Bank of New York, measurably stabilized for several years the price level by open-market operations and by adjustment of the rediscount rates of the Federal reserve banks. The Federal reserve system has been accumulating gold at the average rate of \$200,000,000 a year for about six years and is now in a much stronger position than it was at the time of the open-market operations just referred to.

It is in a position to put into the market \$4,000,000,000 in Federal reserve notes and still maintain its 40 per cent reserve requirements. By utilizing its power to lower reserve requirements of the Federal reserve banks the system could put into the market nearly \$9,000,000,000 of Federal reserve notes. Either sum, if the country knew that because of a congressional mandate the Federal reserve system was going to raise the price level to the point indicated, would be much more than sufficient to raise it, because as soon as the country understood what the policy of the Federal reserve system, as provided by law, was, confidence among banks and business men would be restored, bank loans would expand, the retailer would buy from the wholesaler, the wholesaler would buy from the manufacturer, the manufacturer from the producer of raw materials, and the masses of the people would find employment, so that through buying of securities by the Federal reserve banks and through the restoration of confidence as above indicated the normal business activity of the country would very speedily be reestablished.

Even more important than its emergency feature the committee deems the stabilizing feature of the bill. It would be the duty of the Federal reserve system under the bill, if enacted into legislation, to control the credit and currency of the country in a manner to satisfy the legitimate needs of business, and prevent unwholesome and unjustified expansion. If unjustified and unwholesome expansion were controlled, periods of inflation and depression would also be controlled, because periods of deflation and depression always follow periods of unwholesome overexpansion and speculation.

In conformity with section 2a of Rule XIII of the House, there is herewith printed the proposed new section (sec. 31) to be added as an amendment to the Federal reserve act:

"SEC. 31. It is hereby declared to be the policy of the United States that the average purchasing power of the dollar as ascertained by the Department of Labor in the wholesale commodity markets for the period covering the years 1921 to 1929, inclusive, shall be restored and maintained by the control of the volume of credit and currency."

"SEC. 2. The Federal Reserve Board, the Federal reserve banks, and the Secretary of the Treasury are hereby charged with the duty of making effective this policy."

"SEC. 3. Acts and parts of acts inconsistent with the terms of this act are hereby repealed."

Mr. THOMAS of Oklahoma. Mr. President, this morning's Washington Herald on the front page contained a news story, under the name of Arthur Hachten, which gives a very definite, concise, and illuminating interpretation of the purposes of the Goldsborough bill and what is intended to be accomplished by it. I ask unanimous consent that the article may be printed in the RECORD at this point in connection with my remarks.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The article is as follows:

[From the Washington Herald, Tuesday, May 3, 1932]

HOUSE VOTES TO STABILIZE BUYING POWER OF THE DOLLAR—GOLDSBOROUGH "REFLATION" BILL PASSED BY 229 TO 59 VOTE; AIMED TO INCREASE PRICES—G. O. P. SPLIT BY MEASURE—PLAN IS MANDATE TO FEDERAL RESERVE TO USE FORCES FOR RESTORING 1921-1929 LEVEL

By Arthur Hachten

Designed to raise commodity prices and restore prosperity, the House yesterday passed the so-called Goldsborough "reflation" bill by a roll-call vote of 289 to 59. It now goes to the Senate.

Moving for speedy action, Speaker GARNER permitted the bill to come up under suspension of the usual procedure. Debate was limited to an hour and a half on the bill, which has been before Congress in varying form for 10 years.

MANDATE TO RESERVE

Congress lays down a mandate in the bill to the Federal Reserve Board to use its board powers to stabilize the purchasing power of the dollar and restore commodities to the average price level for the years 1921 to 1929.

The policy of the United States is declared to be that the board and Secretary of the Treasury shall restore the price level and maintain it through control of the volume of credit and currency.

Democrats voted almost solidly for the bill, but the Republican ranks were split with most of the old guard Republicans voting "no."

In adopting the bill the House was believed to have embarked upon a policy of credit control likely to be far-reaching in its consequences, should the Federal Reserve Board press to the limit the powers it has to carry it out.

During debate on the measure several speakers contended the board already had embarked on a "reflation" policy, having started buying Government bonds in the open market, with a view to increasing the credit resources of banks and thereby encourage them to be more liberal in their loans to business.

DOUBLE PURPOSE

Representative T. ALAN GOLDSBOROUGH, Democrat, of Maryland, sponsor of the bill, said it has the double purpose of restoring commodity prices and to maintain that normal price level once it is attained.

Devices at command of the board to stabilize the purchasing power of the dollar and lift commodity prices were said to include the authority to buy Government bonds in the open market and through adjustment of the Federal reserve rediscount rate.

These same devices can be used to maintain a general price level. Bonds would be sold and the rediscount rate increased when normality has been attained, it was explained by GOLDSBOROUGH and other Banking and Currency Committee members.

Mr. COPELAND. Mr. President—

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from New York?

Mr. THOMAS of Oklahoma. I yield.

Mr. COPELAND. I observed in the press this morning that there was criticism passed upon the bill because it was not given consideration by the Treasury and that the Secretary of the Treasury was not invited before the committee to present his views. Can the Senator tell us whether the Treasury did pass upon the bill?

Mr. THOMAS of Oklahoma. The bill has not been considered by this body. It has been considered only by the other House of the Congress.

Mr. COPELAND. I referred to that other body.

Mr. THOMAS of Oklahoma. As to whether the Secretary of the Treasury was invited to testify in relation to the merits of the bill, I am not advised.

Mr. COPELAND. The criticism which I saw was that he was not invited to be heard and the intimation of the argument was that he was in disapproval of the bill. I was hopeful that the Senator might perhaps pass judgment upon the attitude of the Secretary of the Treasury.

Mr. THOMAS of Oklahoma. That brings up the question and causes me to advert to another proposition, and it is an answer to the question submitted by the distinguished Senator from New York.

The Federal Reserve Board made reply to the bill in this way. They said, "We are now doing the exact thing that the Goldsborough bill seeks to direct us to do." The Goldsborough bill seeks to direct the Federal Reserve Board to stabilize the buying power of the dollar at a lower level. The Federal Reserve Board answers, "We are now doing that identical thing." Therefore the Federal Reserve Board said, and I presume it was the opinion of Mr. Mills, though I can not speak for him, that inasmuch as the Federal Reserve Board is now busy in the program of doing the same thing that the Goldsborough bill seeks to direct to have done, there is no occasion for the passage of the Goldsborough bill.

It is an accepted principle of economics that when a commodity is plentiful it is cheap. When a commodity is scarce it is high. That applies to wheat. When wheat is plentiful it is cheap. It is plentiful now. Wheat is selling for 30 cents a bushel to the farmer. When corn is plentiful it is cheap. When cotton is scarce it is high. When cotton is plentiful cotton is cheap. Now, we have millions of bales of surplus cotton, and cotton is selling at 5 cents a pound. The purpose of the Goldsborough bill is to direct the Federal reserve system as the agent of the Congress, the Congress having the power to coin money and regulate its value, to do the thing suggested in the bill, and that is to reduce the value of the dollar and to regulate the value by bringing its value down.

The Federal Reserve Board suggest and try to tell the country that they are now engaged in that identical program, that they are bringing down the buying power of the dollar. What is the result of their program? In the first place, how is their program operating? How do they propose to make money scarce or how do they propose to make money dear? When money is scarce it is dear. When it is plentiful it is cheap. I have only to remind the Senate that in 1920, when we had the largest amount of circulation this Nation ever saw—\$6,500,000,000—dollars were plentiful, dollars were cheap. At that time when there was this great volume of money in circulation wheat was selling at \$2.50 a bushel, livestock in proportion, cotton at 38 to 40 cents a pound. When money was plentiful, commodity prices were high; but now, when money is scarce, money is high and commodities are cheap.

The Federal Reserve Board, following that economic principle of making money plentiful to make it cheap and making it scarce to make it high, are now proposing to make money more plentiful. They tell the country "If we make money plentiful and put more dollars into circulation, money will be cheaper." Every week the Federal Reserve Board issues a statement advising the country of its operations, but apparently the country does not understand that statement. The country thinks, evidently, that the Federal Reserve Board is now engaged in a program of making money more plentiful, actually placing money in circulation.

But that is not the case. It is true that the Federal Reserve Board is buying bonds and paying for those bonds with Federal reserve money. They started out about three or four weeks ago buying bonds at the rate of \$25,000,000 per week, buying Liberty bonds and Treasury issues of Government bonds. When the Federal Reserve Board buys a bond, say, for \$1,000 and pays for it with Federal reserve money, thereby a thousand dollars of new money goes into circulation. For two or three weeks the Federal Reserve Board pursued this policy of buying bonds at the rate of \$25,000,000 a week, but it was found that that was not fast enough. Although they were placing \$25,000,000 in circulation each week, as soon as the banks got the money thus

placed in circulation—and it all goes to the banks—the banks were bundling the money up and sending it back to the Federal reserve system and paying off their loans.

During the month of March the Federal reserve banks bought a very large amount of bonds, and during this month the total amount of money in circulation decreased \$147,000,000. At the identical time the Federal reserve system was boasting to the world that it was engaged in a program of the expansion of the currency and credit, it was taking out of circulation \$147,000,000. The rule is that when a dollar of money is taken out of circulation, there are taken out \$10 of credit. So, when they took out of circulation in the month of March \$147,000,000 of money, they also destroyed during that same month \$1,500,000,000 of credit, the credit being based upon the money at the ratio of 10 to 1.

Week before last the Federal reserve banks bought \$93,000,000 of bonds. The Federal reserve banks under the direction of the Federal Reserve Board took \$93,000,000 worth of new crisp Federal reserve notes from their vaults and purchased \$93,000,000 of bonds. During that same week the member banks which sold the bonds took the money which they received from the Federal reserve banks and sent it back to the Federal reserve banks to apply upon their indebtedness. Week before last the member banks paid back \$91,000,000.

I want to repeat that statement. Week before last the Federal reserve banks bought \$93,000,000 of bonds, paying \$93,000,000 in money for them, and the member banks that received the money sent it right back to the Federal reserve banks to the extent of \$91,000,000. So the net result of that week's transaction was \$2,000,000 added to the circulation. In March they had taken out \$147,000,000; and two weeks ago, in one week, they put \$2,000,000 into circulation.

During the week, which closed on the 27th of April, the Federal reserve banks bought \$113,000,000 of bonds, paying for those bonds \$113,000,000 of new crisp Federal reserve notes. One would naturally think that this money would go into circulation. Did it go into circulation? No. Their records show that last week the banks paid back to the Federal reserve system on their loans \$27,000,000 more than had been paid out for the purchase of bonds.

Mr. President, at this rate how long will we have to go until we will have our currency sufficiently expanded to help the country?

Mr. COPELAND. Mr. President—

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from New York?

Mr. THOMAS of Oklahoma. I yield.

Mr. COPELAND. Then, the contention of the Senator is founded on the fact he has stated to us that the claim that the Federal reserve system is doing exactly what the bill under discussion is intended to bring about is not true?

Mr. THOMAS of Oklahoma. It is absolutely not true. At this point I submit my proof of the statement just made. I hold in my hand a statement from the Treasury Department, dated December 31, 1931. It is Form No. 10283, Department Public Debt Service. On this sheet I find that on December 31, 1931, there was in circulation \$5,646,772,888. On the 27th of April—just last week—the Federal Reserve Board issued a statement showing that at that time they had in circulation \$5,398,000,000. Subtract the amount of money in circulation last Thursday from the amount of money in circulation on the first day of this year, and we find a difference of \$248,000,000. In other words, during the time the Federal Reserve Board has been advertising to the country that it has been taking steps to expand the currency and to expand credit, it has actually taken out of circulation \$248,000,000.

Mr. COPELAND. Mr. President—

The VICE PRESIDENT. Does the Senator from Oklahoma yield further to the Senator from New York?

Mr. THOMAS of Oklahoma. I yield.

Mr. COPELAND. Could they take refuge in the claim that the banks have not cooperated with their efforts? The Senator has stated that the banks when they receive this

currency from the Federal reserve system take it back to the Federal reserve banks in order to redeem their notes.

Mr. THOMAS of Oklahoma. Mr. President, that charge has been made upon this floor. The distinguished junior Senator from Virginia [Mr. GLASS], in the discussion of the Glass-Steagall bill, made the statement that the banks were not cooperating with the administration and with the Federal reserve system in making money available to the people of the country; but, Mr. President, I opened my remarks with the statement that the banks could not pass this money on to the public for this reason: The folk who have security to pledge for loans do not want and do not need loans, while the millions who need and want money have no security to pledge in order to get money, and this money not being the property of banks—they are merely trustees for the sums on deposit—the banks are not justified, in my judgment, in making loans, for the reason that there is little property left, save gold and Government bonds, that has admitted value.

Mr. COPELAND. Mr. President, if the Senator will permit me further, does it not go back, however, to the question of what is the function of a bank? I am told—and I see the criticism very frequently in print as well as in my correspondence—that even legitimate business concerns are not permitted at this time to get any money from the banks. The banks are priding themselves that they are 85 per cent liquid. If that is the case, and there are actually legitimate requests for loans, it seems as if the criticism were well founded that the banks are not cooperating. I speak of this merely to throw out the suggestion to the Senator, because I am anxious to have his reaction to it and an answer to it if there is one.

Mr. THOMAS of Oklahoma. Of course, I am not prepared to say that the banks are making no loans. The banks are making some loans, but they are not performing the functions which they were organized and are presumed to perform. They are not refusing loans because of any fault of theirs. The conditions are not such as to justify the banks in making loans. If the banks were making loans, what excuse would there have been for this Congress to have created a supernational bank and to have given that supernational bank \$2,000,000,000 and set it up in business down on Pennsylvania Avenue to make loans to banks themselves?

Mr. COPELAND. Mr. President—

The VICE PRESIDENT. Does the Senator from Oklahoma yield further to the Senator from New York?

Mr. THOMAS of Oklahoma. I yield.

Mr. COPELAND. If the Senator will permit me, suppose there were a lot more money made available, what would be its fate? Would it not find its way back into the Federal reserve bank unless there were some definite means of putting it into circulation?

Mr. THOMAS of Oklahoma. I will answer that question, Mr. President, by following through a suggestion I made a moment ago. At the present time the Federal reserve system is authorizing and having the Federal reserve banks buy around \$100,000,000 of bonds a week. The records show that these bonds are largely held by the banks or by corporations which own banks, or by individuals which own the banks, so that when the Federal reserve system buys bonds, the money is not scattered broadcast, but such money goes immediately into the vaults of the banks. When the member bank gets this money, what does it do with it? It immediately sends this money back to the Federal reserve system and liquidates its notes. That is what the banks are doing now.

How much more will have to be put into circulation in order to bring the banks to the point where they will have no more loans to liquidate? The national banks and other member banks of the Federal reserve system at this time owe the Federal reserve system about \$600,000,000. So if this procedure is followed, the Federal reserve system must buy at least \$600,000,000 more of Government bonds before the banks will stop sending money back in liquidation of

their loans. So if the Federal reserve system goes ahead with its program for six more weeks, and buys a hundred million dollars of bonds each week, and the banks which receive this money send it back to pay off their loans, at the end of six weeks' time the various national banks of the country will have liquidated their loans with the Federal reserve system. However, that is not all the banks owe.

Many of the banks of the West do not borrow from the Federal reserve system; many of the banks when they need money do not send to the Federal reserve bank and ask for loans; but they send to a correspondent bank in some large city and borrow from the correspondent bank. So they must first pay off their loans to the Federal reserve system, and then, secondly, perhaps, they will pay off their loans to their corresponding banks. How much the banks of the Nation owe their correspondent banks I do not know; the Comptroller of the Currency knows, but I have not that information.

So the present plan of the Federal reserve system in making money plentiful through the purchase of bonds is not working, Mr. President, and it can not work within any reasonable length of time.

If there is any question about the statements I am making, as I proceed I will be very glad to yield. I may not be able to answer them, but perhaps I can.

I make the statement that our banking system has failed us; I make the further statement that the Federal reserve system has failed us. I call attention to how many banking systems there are right here in the city of Washington loaning money to-day. We have first the Federal reserve system; that is a congressional system; that is No. 1. Then we have the superbank, the Reconstruction Finance Corporation, with \$2,000,000,000 of capital, which is making loans. So there are two Government banks in the city to-day making loans. Then we have the Farm Board. The Farm Board has \$500,000,000 for making loans to cooperatives. So there are now three national banking organizations making loans in this city. Then we have the Department of Agriculture making loans from Government funds to the farmers of the country. We have the Federal land bank in this city making loans. We just recently gave that institution \$125,000,000 of additional capital. Then we have the Shipping Board making loans to the shipping interests. So there are six national or Federal banking systems in this city controlled—or they should be controlled—by the Government, and created assuredly by Congress, making loans. The banks would not lend the people money, which fact made it necessary to create these several institutions.

The report from my State shows that 28 loans have been made by the Reconstruction Finance Corporation to banks. The banks are not making loans, although many of them have ample funds. Why are they not making loans? As stated there is nothing safe for them to loan money on.

There was a time when individuals could go to the banks and sign notes, and their standing and ability for repayment and stability in the community were such that they could get loans. They can not do that to-day. There may be exceptions, but that is the rule. There was a time when you could take property and pledge it as collateral and get money. That is not being done to-day, and the reason is there is no property that is making money, and when property is not making money it is not a good risk as collateral, and it makes no difference what the intrinsic value of the property is.

Take the Pennsylvania Railroad, or the Santa Fe, or the Frisco, or the Rock Island; if they are not making money, their obligations are not considered absolutely safe. Banks would not loan them money; and they had to come to Washington, to a specially created bank, the Reconstruction Finance Corporation, to borrow money to pay their obligations to the banks.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. COPELAND. It seems to me there must be a further step. After the banks have paid their obligations to the Federal reserve system, and then have money to pay their

loans from their correspondent banks through the country, the Senator has not yet shown us how the money is to be put in circulation after it gets back to the local banks. That is the thing that troubles me. We can have all the money in the world, but it does not do us any good, because we can not eat it. How are we going to get it into the hands of the people?

Mr. THOMAS of Oklahoma. Mr. President, that brings me to another phase of this question.

When this Congress convened in December I took occasion in my feeble way to try to express some convictions upon this identical question. Before the holidays I made the statement that we had a stringency of money in circulation, too little money in circulation, that the dollar was too high, that commodity prices were too low, and that the only way the dollar could be brought down in its buying power and the only way commodity prices could be increased was to make the dollar more plentiful, thereby making it cheaper. I took occasion more than once to try to express these convictions, but I found that when I undertook to discuss the money question, the Chamber immediately was vacated. I knew I was making no progress. I gained a very decided impression that financial legislation was not written in the Congress, with all deference to my distinguished friend from Virginia [Mr. GLASS]. I gained a conviction that financial legislation and financial policies were not formulated in Washington, but that they were formulated somewhere else.

Acting upon that conviction, I sought out the place from whence such legislation originates. I went to New York City, the great city so well represented in this body by the two distinguished Senators from that great State.

I had often heard of Wall Street. In the west, Wall Street is very largely a myth. We have heard about Wall Street. We have heard about its control of New York City and the State of New York. We have likewise heard of its control of the Federal Government here at Washington. Having heard so much of this short, crooked street that starts at the river and ends at the graveyard, I went down in the caverns of that area. I had heard that there were some individuals on that street who knew a lot about money. I fortunately had facilities to meet those gentlemen. I will not mention the names of the private parties, but I will mention the names of the public officials.

I went first to the Federal reserve bank in Wall Street. The highest-paid official in the Federal reserve system is the governor of the Federal reserve bank in New York City, Governor Harrison. Governor Harrison receives a salary of \$50,000 per year. He has a banking institution which is the last word in banking architecture. The vault of the Federal reserve bank in New York, so I was advised, extends 30 feet into the solid rock. In that vault underneath the Federal reserve bank they now have something like \$3,000,000,000 of gold impounded. There is nothing to be suggested in the way of improvement of that gigantic, expensive banking structure known as the Federal reserve bank in New York City.

I conferred with Governor Harrison. I conferred with the agent of the Federal reserve bank, Mr. Case. I was glad to confer with the economist of the Federal reserve bank in New York, Doctor Burgess.

From that point I went to the two largest banking institutions of New York City, each of them a \$2,000,000,000 concern. I met the men who manage and run those banks. I met their attorneys and I met their economists. I have no complaint regarding my reception there. The men who dominate and control and manage the financial affairs of America conceded that the dollar was too high. They agreed that the dollar must be reduced in buying power. They agreed that the country can not continue to live on 5-cent cotton, 30-cent wheat, 17-cent corn, livestock in proportion, with 8,000,000 people unemployed, taxes not being paid, interest in default, and bonds in default. They agreed to those policies, and agreed that the dollar would have to be reduced in buying power.

Then the question was, What means can be taken to accomplish and effectuate this desirable end?

These bankers in New York understand the situation. They know that the dollar must be decreased in buying power, and they know that the only way to increase commodity prices is to bring down the buying power of the dollar. They claim they have a plan by which that can be done. They said their plan was to have the Federal reserve system begin buying bonds, taking new money from the vaults of the Federal reserve system, exchanging it with the holders of bonds, letting the money get out in the hands of the folks who now hold bonds, and bringing the bonds in from the country and placing them in the Federal reserve vaults.

At that time they were putting out only \$25,000,000 a week. They admitted that that was not fast enough. They were making no progress with their program; and about that time the hearings started to be held in the House of Representatives, before the Ways and Means Committee, in favor of the so-called bonus bill.

When the hearings started on that bill it was laid down as a condition precedent that unless the proponents of the so-called bonus bill could convince the Ways and Means Committee and the Congress that the payment of this money would be of as much benefit to the people of the country who are not soldiers as to the soldiers themselves the bill should fail. Those hearings have progressed now for three weeks. They were closed at 12.30 to-day. In this three weeks' time the Federal Reserve Board, realizing the demand that is being made for a cheaper dollar and a higher price for commodities, have increased the number of bonds they are buying per week from \$25,000,000 to \$113,000,000, as I said, last week. But last week, while they bought \$113,000,000 of bonds, that \$113,000,000 and \$27,000,000 more was paid back to the system and canceled. So, as a result of the policy of the banking system of New York, as a result of the policy of the Federal Reserve Bank of New York, and as a result of the policy of the Federal Reserve Board in Washington of buying bonds, money in circulation is actually becoming scarcer rather than more plentiful.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. FLETCHER. I should like to ask the Senator if the process that he mentions of banks using the proceeds of bonds to pay off their obligations has not a limit to it. Is not the time coming when the banks will settle their obligations, and there will be money which can not be used in that way?

Mr. THOMAS of Oklahoma. I stated a moment ago that if the Federal Reserve Board will keep on buying bonds for six more weeks at the present rate, and pay out six hundred millions more of Federal reserve notes, and buy that many more bonds, the banks will have enough money to liquidate their loans to the Federal reserve system, but it will take \$600,000,000 to do it. When that time comes, however, if conditions are no better, and the board still keeps on buying bonds and paying for them with money, the banks will take the money and pay their private obligations to their correspondents. I am advised that the banks have a very large amount of money borrowed from correspondent banks, not Federal reserve banks themselves. So, under the present plan, it will take at least six weeks; and if they follow out the policy of paying their correspondents' loans, no one knows how long it is going to take to liquidate the banks' indebtedness to other banks.

But I began my statement, Mr. President, with the assertion that the Federal reserve's plan and policy of making money more plentiful, and thereby making it cheaper, has failed. Last week they did not put out enough money to meet the money coming back by \$27,000,000. I do not know how many bonds they are going to buy this week, but I will venture the assertion that whatever they buy this week, perhaps \$100,000,000, the banks in turn will pay back to the system \$100,000,000 of their loans. The banks are paying back now more than the bond sales amount to, because the Reconstruction Finance Corporation is loaning the banks money, and when a bank borrows from the Reconstruction

Finance Corporation it turns right around and sends the money to the Federal reserve bank to liquidate its loans.

Mr. President, this whole thing came up, as I said a moment ago, over the so-called bonus bill for the payment of the balance due on the adjusted-service certificates. Many of the bankers contend that the soldier should not be paid any more. Many bankers contend that a great mistake was made when the bill was passed to pay the soldiers anything, that they had not earned anything, that they did not deserve anything, and that they should not be paid anything. With that view I most emphatically disagree. But I was surprised to find some banks taking that attitude, and not alone is that attitude confined to the banks, it is entertained by others of our citizens, who contend that Congress made a mistake in passing the first so-called bonus bill, that they made a mistake last year in proposing to authorize loans to the extent of one-half of the amount of the certificates, and they cite, to prove that a mistake was made, the fact that the billion dollars that was loaned by the Government last year to the soldiers did not help business conditions.

Mr. President, in some sections of the country that billion dollars did some good. I know of sections where the money loaned to the soldiers was the means of saving the economic lives of communities, and saving banks and other institutions of the country. But last year, when we loaned the veterans money, we loaned them credit money. Not a single dollar of real money from the Federal reserve system was loaned a single soldier in the Nation. There is just as much difference between money—gold, silver, and paper, the kind with which we pay for a railroad ticket—and this credit money as there is between day and night.

The banks of New York do not object to the Government issuing bonds and selling those bonds to the people, and then taking the money received from the sale of the bonds and spending it. They do not object to that policy. They favor that policy. Such a policy puts no extra money into circulation. The United States Government could issue \$10,000,000,000 worth of bonds to-day, sell those bonds to-morrow to the people, and that process would not increase the circulation a single red copper. It would increase the number of bonds. It would give the Government more money. But the circulation of gold, silver, and paper, the thing that controls, would not thereby be increased a single penny.

Mr. COPELAND. Mr. President—

The PRESIDING OFFICER (Mr. HATFIELD in the chair). Does the Senator from Oklahoma yield to the Senator from New York?

Mr. THOMAS of Oklahoma. I yield.

Mr. COPELAND. Suppose the bonus were paid and the money given to the soldiers; would not that money very speedily return to the banks, then be absorbed there with the rest of the useless money which is now on deposit? I am asking the question, as the Senator will know, because I want to know the answer.

Mr. THOMAS of Oklahoma. One of the bills pending in the House, and upon which hearings have been held for three weeks and more, provides for the payment of the balance due on these certificates, and one of the bills proposes that the Government print Treasury notes, exactly as was done during the Civil War to finance the war on behalf of the North.

Another bill proposes that the Government issue 2 per cent bonds, but instead of selling those bonds to the people, have the Treasury Department deposit those bonds directly with the Federal reserve banks; then direct the Federal reserve banks to transfer the bonds to the Federal reserve agents as the agents of the Government; then further direct the Federal reserve agents to pay for those bonds with Federal reserve money, either Federal reserve notes or Federal reserve bank notes. When that is done we have not sold the bonds; the public does not own the bonds. The bonds have been issued, but they have been placed directly in the hands of the Federal reserve bank, and thereby those bonds become the basis of money.

Mr. LONG. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. I have not been here the last few minutes during the delivery of the Senator's address. As a matter of fact, what is the objection to issuing legal tender direct? Why is it necessary to have any bonds if the Government will issue legal tender?

Mr. THOMAS of Oklahoma. Mr. President, I have no objection to that system. The system worked so well that in the sixties the Government authorized the issuance of \$40,000,000 or \$50,000,000 of greenbacks. They worked so well and did such a good service that the Congress authorized the issuance of more of the greenbacks, and the first thing the country knew there were four or five hundred million dollars of Treasury notes in circulation, greenbacks, with no bonds back of them, with no gold back of them, with no silver back of them, nothing back of them but the credit of the United States of America, at that time threatened with division. No wonder that in the early days of the life of those greenbacks they did sink below the value of gold. They got down to 30 or 40 cents, based upon gold. But when the war was over, when the two great sections of this country came back together, those greenbacks began to climb, and it was not long before the greenback was just as good as the gold itself.

Mr. LONG. Have we not in the United States, still, the same legal tender?

Mr. THOMAS of Oklahoma. Mr. President, those greenbacks are so good that although they were issued back in the sixties we have them with us still. They are so good that we have in circulation to-day more than \$356,000,000 of greenbacks, and I have never heard of anyone who objected to taking the greenback in payment of any obligation due him.

What is back of those greenbacks to-day? There is gold to the amount of \$156,000,000 back of the \$350,000,000 worth of greenbacks. But that gold, in addition to being back of the greenbacks, is likewise back of the 1890 Treasury notes. They have dollar-for-dollar silver back of them and they have part of this \$156,000,000 of gold back of them. So, Mr. President, the greenbacks issued back in the sixties have been kept in circulation until to-day, and there is no plan to-day to retire a single dollar of circulating greenbacks.

There is objection now to the policy of issuing additional greenbacks. Every time somebody suggests that we issue additional greenbacks, exactly as we did back in the sixties, the objection is raised, "That kind of money is fiat money."

When those greenbacks were issued we had little gold, were almost a divided country; but now, with half the gold in the world, and being the strongest and richest and most powerful country on earth, the contention is still made that if we issue some greenbacks those greenbacks will be fiat money.

Mr. President, I am not one of those who are urging the issuance of more greenbacks. The bill I am standing sponsor for proposes to follow the plan of existing law. When we wanted to resume specie payment, in the seventies, Congress passed a law providing for the issuance of 2 per cent consols. A consol is a United States bond drawing 2 per cent interest and given the circulation privilege. National banks can get possession of such bonds and send same to the Treasury and have issued against them national-bank notes to the full amount of the bond, less 5 per cent, and that 5 per cent is held in the Treasury as a redemption fund. So the national-bank notes Senators have in their pockets, issued by their banks back home, are not based upon gold. The national-bank money is based upon United States 2 per cent bonds, and there may not be a single penny's worth of gold back of the \$700,000,000 worth of national-bank notes. Under the law they are backed by only 2 per cent bonds and 5 per cent redemption funds, which can be in lawful money. It can be in greenbacks.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. COPELAND. I think the Senator had not quite answered my question before he turned to reply to the Senator from Louisiana.

Mr. THOMAS of Oklahoma. I was about to follow that up.

Mr. COPELAND. So that the RECORD may have the question clearly, may I repeat it?

Mr. THOMAS of Oklahoma. Certainly.

Mr. COPELAND. My question was, What assurance have we that the two billion paid to the veterans would not suffer the same fate, and perhaps speedily, that has been suffered by other money, that the money would find its way quickly into the banks through the merchants who might sell goods to the veterans, in the many ways that money would be spent, and ultimately go back to the banks? Then would it not be absorbed by the banks and lost in the same way that the funds of the banks are now more or less useless to the country?

Mr. THOMAS of Oklahoma. I was trying to explain, just before I came to that portion of the answer, how it was proposed to raise the money, through the issuance of 2 per cent bonds, depositing those bonds in the Federal reserve banks, issuing against those bonds Federal reserve bank notes, as can now be done, under existing law, and it takes no amendment whatever to accomplish the purpose, except an authorization and a determination so to do.

After the bonds are issued and the money is made available, then the Veterans' Administration is directed, under all the proposed bills, to take the money thus secured, adjusting with the several veterans of the Nation, 4,000,000 of them, scattered in every State, in every city, and in every county.

The Veterans' Administration may take applications from these soldier boys, receive their certificates, and adjust with them. Some have borrowed 50 per cent upon their certificates, and are obligated to pay some interest. The Veterans' Administration would adjust those matters, and find, for instance, that John Doe, of New York City, is entitled to \$350. The boys who have not made loans on the certificates would submit their certificates and be entitled to receive the full amount. But, of course, that is a detail.

When the money is paid to the soldiers it is new money; it is real money, not credit. It is in no sense credit, because it has been issued by some Federal reserve bank. When a Federal reserve bank issues this new money that much new money goes immediately into circulation. It is not deposit money. It is not credit money, and that is why the banks object. If we should issue bonds and sell them to the people and get the money from the people to pay the soldiers, the banks would not object so much. But when we propose to put a few extra dollars into circulation, to increase the circulation, to bring down the buying power of the dollar—and all admit that the proposed action would do that—then the banks rebel and say we are tinkering with the currency.

Mr. President, if the bill passes the House of Representatives and comes to this body, it will be before the Senate for consideration. I am referring to the so-called bonus bill, which proposes to pay the veterans of the United States the amount due them on the face of their certificates. If that is done under the plan proposed, new money to the extent of the payments will be issued, and to that extent the circulation will be thereby increased. The veterans will secure the money and will either spend the money or deposit it. If they invest it that is spending it. They may buy something that they want. It is their money. I shall not criticize them in any way as to the method in which they expend their money. The record shows they did not squander the money they received last year. I think the record is 3 per cent of the money Congress loaned the veterans last year was spent for what was held to be nonessentials; in other words, by some claimed to be wasted.

But the veterans will take the money and spend it. They will invest it or they will deposit it. If they spend it they will pay their grocery bills. Some of them will have a square meal for the first time, perhaps, in months. Some, perhaps,

will have a decent suit of clothes or garments for the first time in months, though, perhaps, limited to a pair of overalls. It is true they will spend the money. They will make a payment on a home, perhaps, or, perchance, they will deposit the money like others might do who have occupations at this time. But all the time the money is in circulation. It is outside of the Treasury.

The distinguished Senator from New York suggests that the local banks may take this money and send it back to the Federal reserve system in payment of their obligations. Perhaps that would happen, but that would only take \$600,000,000 of the more than \$2,000,000,000. If that should happen and the banks should continue that policy, there would still be more than \$1,500,000,000 of that money remaining in circulation. The banks would not send it to the Federal reserve system, because they would not owe it. They might send it there for deposit, but it would still be in circulation. They could get it at any time they needed it.

Those who oppose the payment make the statement that if the money is placed in circulation the dollar will be driven down and destroyed, and commodity prices will be raised out of all proportion to value. Well, Mr. President, would that policy be abhorrent to the millions of people of the United States if it enabled them to get double the present price for their wheat? They would then only be getting 60 cents a bushel for their wheat. If we doubled the price of corn, they would then be getting only 40 cents a bushel for their corn. If we doubled the price of cotton, they would then only be getting 10 cents a pound for their cotton. Would that be abhorrent to the 30,000,000 farmers of the Nation?

It is claimed that such a plan would break down the buying power of the dollar and raise commodity prices. That is the purpose of the legislation. That was the announced purpose of the Federal Reserve Board in buying \$100,000,000 of bonds each week, but their policy to date has failed.

Mr. COPELAND. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from New York?

Mr. THOMAS of Oklahoma. I yield.

Mr. COPELAND. I am sure I speak the truth when I say that if the Senate were convinced that the things would happen which the Senator says would follow the payment of the bonus, I believe every Member would vote for the bill. Certainly, for my part, I should be happy to do so. In 1924 I submitted an amendment to the then pending bill proposing to pay the bonus in full and to make full adjustment. I think I succeeded in getting 35 or 36 votes for it in the Senate. Of course, conditions were different then. We had then prosperity in the country instead of the depression of the moment. On that account, because of changed economic conditions, those of us who have this kindly feeling toward the veterans must be able to produce all the proof possible that the benefits suggested by the Senator would actually follow the payment.

This is my fear, and I voice it in order that it may be swept aside. I fear that if we were to issue the money—that is, issue the bonds and pay the bonus according to the plan which the Senator proposes—we would put into circulation \$2,000,000,000, which would be used as the Senator suggests, but without a recovery of activity, of business generally. The fate of those \$2,000,000,000 would be merely to return to the banks. Even if they have paid their notes at the Federal reserve bank, and perhaps paid their obligations to correspondent banks, they would still be in possession of the money. There would be no demand for its use for manufacturing purposes, for the operation of factories, and for other purposes of industry, and consequently it would go back into the banks and would be a dead thing, all without any recovery of business generally and without having served as anything more—and I say this not in any spirit of comparison but simply to bring out the answer—than a dole for the time being. This would happen unless, by some magic, which I hope the Senator may summon, there would

be, through the circulation of \$2,000,000,000, a recovery of business, a restoration of agriculture and of the prosperity which the Senator mentions. But it is upon the shoulders of the Senator that the responsibility rests to tell us how the mere circulation for a short period of time of \$2,000,000,000 of new money would start us on our way toward recovery. Have I made the question clear?

Mr. THOMAS of Oklahoma. Entirely so. The Senator places the responsibility upon my shoulders.

Mr. COPELAND. That was not fair.

Mr. THOMAS of Oklahoma. My shoulders are not broader than the shoulders of the distinguished Senator from New York.

Mr. COPELAND. I should have said upon our shoulders. I want to join in this movement, but I want all the argument possible in order that I may go back to New York and answer these questions which come from Oklahoma and Missouri and other parts of the country.

Mr. THOMAS of Oklahoma. Mr. President, if the money were issued and paid out to the veterans we can all vision what would happen. They will begin to buy clothing. They will begin to buy shoes. They will begin to buy meat. They will begin to buy flour. They will begin to buy the things that they do not have and have not had perhaps for months. When they begin to buy shoes and clothing they will soon deplete the stocks on the shelves of the stores in their communities. As the orders come in for shoes and clothing and the shelves begin to look rather bare, the merchants will immediately place orders to restock those shelves. Those orders go to the wholesale houses. Such orders will come from stores all over the United States. Every wholesale house in the country will immediately be flooded with orders for more shoes, more hats, more overalls, and all over the country the shelves of the wholesale houses will become depleted, and the wholesale houses will begin to telephone and wire orders to the factories, "Make us some shoes. Make us some hats. Make us some clothing."

The demand will finally reach the factory that produces meats, which is the farmer. The demand will finally reach the factories which produce bread, and that is the farmer. The demand will finally reach the factories which produce things the veterans want. That will stimulate the business of the local merchant. It will stimulate the business of the wholesaler. It will stimulate the business of the factory. It will make business for the railroads. The railroads have no chance to revive until and unless they get more tonnage to haul and more passengers to carry. If the time does not soon come when the tonnage of the railroads has increased, their hard times will continue and very shortly the United States will find on its hands these webs of railroad lines covering the entire country.

Mr. COPELAND. Mr. President, will the Senator yield further?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield further to the Senator from New York?

Mr. THOMAS of Oklahoma. I yield.

Mr. COPELAND. I see that, of course, but exactly the same thing would happen, would it not—

Mr. THOMAS of Oklahoma. Let me go ahead with my answer, and then the Senator perhaps can ask another question.

Mr. COPELAND. Very well.

Mr. THOMAS of Oklahoma. Mr. President, what plan is now before the Congress or the country submitted by the administration, by the banks, or by the best brains of the Nation to help out in this situation save the one which the veterans have suggested? The bond-buying plan was submitted, and I have shown that the bond-buying plan has failed. Since the bond-buying plan has been initiated the Federal Reserve Board has bought \$400,000,000 of bonds, and now we have \$248,000,000 less money in circulation than we had when they started to buy the bonds. The plan being followed by the Federal reserve system to make money more plentiful is actually making money scarcer. Since the first of the year a quarter of a billion of dollars of money has

been withdrawn from circulation and canceled. The bankers' plan failed and there is no other plan proposed.

The distinguished Senator from New York suggests that the plan of placing \$2,000,000,000 in circulation among 4,000,000 people will not work, because the boys will let the money get back into the banks.

Mr. COPELAND. O Mr. President, I am sure the Senator does not wish to misquote me.

Mr. THOMAS of Oklahoma. I will withdraw the statement, because it is not accurate. He suggests a doubt that the plan will work.

Mr. COPELAND. A doubt held by many that the plan might not work.

Mr. THOMAS of Oklahoma. The two plans are identical in purpose. The plan of the veterans of putting \$2,000,000,000 in circulation to increase the money supply and the plan of the Federal reserve system to put money in circulation through the buying of bonds are identical. The end to be attained is identical. More money, plentiful money, cheap money means high commodity prices. That is the plan of the veterans. The plan of the Federal reserve system has failed. It has not worked. It will not work.

I submit a question to the distinguished Senator from New York: Under the plan of buying bonds, how long will we have to wait until we will have more money in circulation?

Mr. COPELAND. Mr. President, I think the soldiers are entitled to have this adjustment at the earliest possible moment. I have held to that view for years. But if we are going to use the economic argument it is incumbent upon us to show how the plan of paying the soldiers' bonus would help the country, any more than to issue \$2,000,000,000 of money to give to people who are now in distress and starving throughout the country, to the 8,000,000 people who are out of work. If we are going to accomplish all these things by the payment of the soldiers' bonus, why might we not accomplish twice as much by paying it to them and also taking care of those who are in hunger and distress in the cities and on the farms throughout the country? That is the thing I have in mind.

Mr. THOMAS of Oklahoma. I shall not argue against the latter suggestion of the distinguished Senator from New York. It may come to that, Mr. President. At this point, in answer to the Senator's suggested if not actual question, I ask unanimous consent to have printed in the RECORD a news story appearing in the Washington Herald of May 1—last Sunday. The news story is entitled—

Hoover agrees United States must aid cities, States—but President can't determine whether to admit it now or after election, advisers say.

This news story is by Carlisle Barger, copyright 1932, by the Washington Herald. I ask unanimous consent to have it appear in the RECORD in my remarks at this time.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The matter referred to is as follows:

HOOVER AGREES UNITED STATES MUST AID CITIES, STATES—BUT PRESIDENT CAN'T DETERMINE WHETHER TO ADMIT IT NOW OR AFTER ELECTION, ADVISERS SAY

By Carlisle Barger

President Hoover has been virtually convinced there must be some form of Federal unemployment relief, but he can't determine whether he should wait until after the elections.

Some of his closest advisers have told him it is foolhardy to expect that municipalities and States can continue to take care of their distressed situations without Federal assistance. These governmental units, he has been convinced, have come to the limit of their endurance.

The President is understood to accept the representations made to him and reluctantly to agree that sooner or later it will be necessary for some such system as the issuance of bonds by the States and municipalities guaranteed by the Federal Government, and probably floated through the medium of the Federal reserve banks. It would, it is agreed, be a form of inflation more direct than the present operations under the Reconstruction Corporation and Glass-Steagall Acts.

INFLATION DELAYED

The inflation under these latter measures is yet to have its effect, because the banks have used it to pay off their obligations to the reserve banks instead of easing credit.

Unemployed relief as proposed, it is agreed, would be a more direct inflation in that the beginning would be at the bottom of the economic structure instead of at the top, thus differing from previous relief measures.

While it is understood the President fully believes Federal unemployment relief is inevitable, the understanding is that he is reluctant to sponsor it because of the feared political effect. He took a determined stand against the dole at the outset of these troublesome times, and there are those of his advisers now who say that were he to countenance Federal assistance to the unemployed he would be criticised for back-tracking and giving ground on his professed principles.

MUST DO SOMETHING

Yet there is the conviction among some of his advisers that something must be done, that the municipalities and States have come to the end of their rope and that, principles or no principles, people can not be permitted to starve. The issuance by these municipalities and States of bonds guaranteed by the Federal Government, it is contended, would be far different from the original dole proposal.

Strangely enough, there is no indication that in this dilemma Mr. Hoover has given any consideration to the proposed \$5,000,000,000 building program, to be taken care of by a Federal bond issue. Such a bond issue would, of course, be no different from municipal or State issues guaranteed by the Federal Government. Both would have the Federal Government behind them, and would ultimately, if not immediately, find their way into the Federal reserve system and form the basis of new currency.

Those who have found Mr. Hoover reluctant to take what is considered the inevitable step until after the elections are insisting that politically he had better admit that he originally was wrong and act now.

Mr. THOMAS of Oklahoma. Mr. President, if, under the veterans' plan, money is issued and placed in circulation it will do the identical thing which the Federal reserve system is now apparently trying to accomplish. It says it is trying to bring about an expansion of the currency by placing money in circulation. Everyone who opposes the issuance of this \$2,000,000,000 makes the statement, as an argument against it, that if we issue \$2,000,000,000 in new money it will drive us from the gold standard. What does that mean? It means that money will become so plentiful, will become so cheap—and when money becomes plentiful and cheap that means that commodity prices will go up in proportion—that paper money will leave the gold; there will be a difference between the value of gold and the value of paper. That is what it means to leave the gold standard. As long as paper money circulates on a parity with gold we are still on the gold standard if we want to be. We can voluntarily leave the gold standard by legislation, but if we do not care to do that, we will still be on the gold standard until such time as the paper dollar is not worth a gold dollar. When they separate, then paper is at a discount; it is at a disparity with gold.

Mr. President, the bankers who oppose this plan charge it will drive us off the gold standard and that it will make money so plentiful and so cheap that the paper dollar will not be worth as much as the gold dollar. Well, admit for the sake of the argument that that might happen, that destroys the argument of the Senator from New York.

Mr. President, if the bankers' plan of bringing back prosperity will bring results, no one can foretell how long we must wait. We must assuredly wait until the Federal reserve banks buy \$600,000,000 more of bonds, and then wait still further until the member banks that get the money see fit to loan it. When will that be, Mr. President? It will not be soon, because the bankers' plan does not put a single dollar in circulation among the millions of the people of the country; and until the millions of our people have some money with which to buy the things they need, the necessities of life—food, clothing, shoes, and articles of that character—times can not improve.

There is no time possible in the near future when the bankers' plan can put money into the hands of the millions of people of the country. The soldiers' plan will do that very quickly. It will distribute \$2,400,000,000 immediately among 4,000,000 veterans located throughout the United States. If the bankers' plan is good, if it will make money more plentiful eventually, then why is not the veterans' plan much better, because it will do the same thing immediately.

Mr. COPELAND. Mr. President, will the Senator yield to me for a moment?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from New York?

Mr. THOMAS of Oklahoma. I yield.

Mr. COPELAND. I am with the Senator 100 per cent when he talks about the bankers. I think he has been entirely too considerate of them. I am not referring now to the ordinary bankers, those at the head of small banks or those who operate the banks with which we ordinarily come in contact, but I do think that the oligarchy of bankers, the invisible government back of the banks, the men I call the "banksters," will never solve the problem. In my opinion, everything they do makes the situation worse. So I am with the Senator when he says we can not wait for them to solve the problem. They are well enough off as they are; and because of the policies which they impose upon the country and their unwillingness to lend funds to individuals and to States and municipalities, in order to enable them to carry on works of mercy, if we wait for them to solve the problem it never will be solved. That is my judgment.

Mr. THOMAS of Oklahoma. Mr. President, I will not take issue with the statement made by the distinguished Senator from New York. His statement was that if we wait for the "banksters"—that is a newly coined word, "banksters"—to solve this problem, it will never be solved. I join in the opinion just expressed by my distinguished colleague from New York.

Mr. President, I could suggest, I think, a more appropriate term than "bankster." I think I should suggest "banketeer" as being a more appropriate designation of the identical people that the distinguished Senator from New York has in mind.

Mr. President, we hear much in these days about international banks and international bankers. I do not know of any international bankers that we have in this country, although I hear the term mentioned frequently. We do have a great number of international bond salesmen who parade under the pretense of being international bankers; and the sooner the people of the country understand that these international bankers are nothing more than international bond salesmen and the sooner they understand that these "banksters" or "banketeers" that are now in control of this Government are not going to solve the problem in behalf of the one hundred and twenty-odd million people of this Republic, perhaps the quicker the Congress will give some time to consideration of the effect of the control of money upon the business of the country.

The bankers' plan will not work; the "banksters" have no plan to suggest; the "banketeers" have no plan, and neither have the international bond salesmen a plan to submit save the cancellation of the debts due this country by foreign nations.

The only plan that is before the Congress is the veterans' plan. It is admitted that it will do the work. The money can be provided under existing law. It does not require a single amendment to existing law in order to get the money. Bonds can be issued under the old law authorizing consols. The law says the Federal reserve banks may now buy the outstanding consols; they can buy the consols and deposit them in the Federal reserve bank, and issue currency against them. They can do it to-day. Then, if Congress authorizes the creation of more consols and directs the Federal reserve system to acquire and assimilate the consols and issue money against them, we will have the same kind of money that we now have, namely, Federal reserve bank notes backed up by 2 per cent bonds; and they, in turn, backed by the credit of the richest and the strongest Government of the earth. There is no other available plan.

Mr. President, we have heard much about the bonus in connection with this bill. These "banksters" or these "banketeers" are complaining that the veterans are to be given a bonus. Well, Mr. President, since this discussion commenced only two or three months ago the bankers of the country have already received a bonus. The discussions in the Congress have made it possible for the banks of the

country, the corporations of the country, the wealthy individuals of the country who hold Liberty bonds and Treasury bonds to receive a bonus as the direct result of this suggested legislation. When the "banksters" saw that the veterans had some chance to pass their bill, they immediately got up a competing plan. Their competing plan was to place money in circulation through the buying of outstanding Liberty bonds. When that plan was inaugurated Liberty bonds were not worth par. I have here a clipping from the New York Times of Sunday, which shows that since the first of the year Liberty bonds and Treasury notes have been as low as the figures I will now read: One issue, 94.2; another issue, 97.22; another issue, 98.8; another issue, 98.30; another issue, 100.1; another issue, 94; another issue, 89.16; another issue, 87.20; another issue, 87.24; another issue, 88.1; another issue, 83; another issue, 83.3.

When the Federal reserve system decided to put into existence the competing plan to make money more plentiful—and their plan was to buy bonds and pay money for those bonds—these bonds were being discounted as low as 82. Then when the Federal reserve system decided to use the powers that they had, to use the money that they had in their vaults to buy these bonds, the bonds began to rise; and, Mr. President, these bonds in the hands of the wealthy people of the United States, in the hands of corporations, in the hands of banks, and in the hands of whomsoever may have held them, have gone up as a result of the demand for such bonds by the Federal reserve system, until to-day these bonds are selling at par, and some are above par.

The bond that was as low as 94.2 has gone up 7 points, the bond that was as low as 97 has gone up 5 points, the bond that was 98 has gone up 4 points, the bond that was 100 has gone up 6 points, the bond that was 94 has gone up 9 points, the bond that was 89 has gone up 12 points, the bond that was 87 has gone up 12 points, another bond that was 87 has gone up 12 points, the bond that was 83 has gone up 13 points, the bond that was 82 has gone up 13 points. So the policy adopted by the Federal reserve system has already produced a bonus to those who hold Government bonds of from 3 to 13 per cent—\$3 to \$13 on every \$100 worth of bonds these fortunate people may have held. So, Mr. President, instead of this bill being a bonus bill to pay the soldiers, it has already been a bonus bill to pay the men, the corporations, and the banks that happen to be so fortunate as to hold Liberty bonds and Treasury bonds.

Mr. LEWIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Illinois?

Mr. THOMAS of Oklahoma. I yield.

Mr. LEWIS. Will the Senator from Oklahoma allow me to suggest to him what occurs to me to be a very great dilemma, which I think explains why there is not more money for the ordinary citizen as the result of the purchase of bonds by the Federal reserve banks? When the Federal reserve proceeds to buy bonds it must buy them from those who have been able to purchase them and possess them. The money obtained from those who have sold their bonds is not distributed among those who may have need for a dollar or two; but probably more Liberty bonds are bought, because as they begin rising in the market the suggestion comes that they are a good investment. So, unless I am in error, far from the buying of these bonds adding to the circulation, it merely gives another opportunity for speculation upon the part of those who hold Liberty bonds.

Mr. THOMAS of Oklahoma. I thank the Senator for his suggestion. It is very illuminating in connection with the remarks I myself was trying to make.

Mr. LEWIS. I am delighted that the view of the Senator conforms with mine.

Mr. THOMAS of Oklahoma. Mr. President, when the Federal Reserve Board stops buying Liberty bonds and other Government issues what will happen? They will go down in price again. Here they are, with one issue selling for 106.4, another issue selling for 106.13, another issue selling for 102.26. When the Federal reserve system gets the bonds that it wants, and stops buying bonds, there will be no

market for bonds then, or virtually none. There will be practically no one to purchase bonds under the present system. Then these bonds will fall; and the Federal reserve banking system, now having more than a billion dollars of bonds in its vaults, will perhaps have \$2,000,000,000 of bonds in its vaults purchased above par. When they start to sell these bonds they must sell them to the public. They must take what they can get for them. The market will control. So the Federal reserve system is in for a gigantic loss through the purchase of bonds above their value, and then, later on, being forced to sell them for what it can get for them.

So, Mr. President, instead of this matter being a bonus bill for 4,000,000 veterans, it has already been a bonus bill for holders of bonds. Perhaps that is not to be wondered at, however. Every financial bill that has been passed by this Congress has been a bondholder's bill. I have reference to the moratorium. I have reference to the Reconstruction Finance Corporation act. I have reference to the \$125,000,000 voted to the Federal land banks. I have reference to the Glass-Steagall bill. Every one of those measures was dictated and passed for the interest of the fortunate few who have their wealth in fixed investments.

Mr. President, I do not care at this time to take more of the time of the Senate. The Goldsborough stabilization bill is now before the Banking and Currency Committee. I trust that it will be reported promptly by that committee and considered by the Senate. But even if that bill should pass, it is nothing more than an instruction. It would have no more effect than a concurrent resolution. While it may direct the Federal reserve system to cheapen the dollar, yet there is no power we can exercise that can make them cheapen the dollar. They claim that they are cheapening the dollar now; but while they claim that they are cheapening the dollar, the stocks upon the exchanges are going lower and lower, and the commodities on the commodity exchanges are going lower and lower, until yesterday—I can not speak about to-day—the stocks upon the markets and the commodities upon the exchanges were the lowest ever. That is easily explained, because the Federal reserve system has taken out of circulation a quarter of a billion dollars since the first of the year, when they are trying to have the country believe that they are placing money in circulation.

Mr. President, if the House of Representatives passes the so-called bonus bill and sends it to this body, that bill, if it follows precedent, will go to the Finance Committee. I am hopeful that the House will pass the bill and send it to this body, and give the veterans a chance to have a hearing before the Finance Committee before this session adjourns.

Mr. President, the opponents of this legislation admit all that the proponents claim. When the proponents of the bonus bill claim that it will cheapen money, they admit, it, but they say it will cheapen it too much. When those who support the legislation claim that it will reduce debts, the opponents say, "Yes; it will reduce them too much." When the proponents of the legislation claim that it will make money more plentiful, easier to get, the opponents say, "Yes; it will make money so cheap and so plentiful that it will be worthless."

Mr. President, in my section of the country, where one-half the farms are now under foreclosure, where city property is not having its taxes paid, where thousands and tens of thousands of unemployed have no jobs because no one who has work to do has money with which to hire the labor, where bonds are in default, when taxes are not being paid, our citizens are not being scared or alarmed at the threat of too much money, or too much Federal reserve money, or too much national-bank money, or too much greenback money being placed in circulation.

AMENDMENT OF ACT TO REGULATE NAVIGATION ON THE GREAT LAKES

The PRESIDING OFFICER (Mr. HATFIELD in the chair) laid before the Senate the amendments of the House of Representatives to the bill (S. 3908) to amend title 33, chapter 4, section 252, paragraph (a), of the Navigation Rules for the

Great Lakes and Their Connecting and Tributary Waters, which were, on page 1, to strike out lines 3 to 7, inclusive, and insert "That the first two paragraphs of rule 3 under the heading 'Lights' in the first section of the act entitled 'An act to regulate navigation on the Great Lakes and their connecting and tributary waters,' approved February 8, 1895 (U. S. C., title 33, sec. 252), are amended to read as follows"; and to amend the title so as to read: "An act to amend the act entitled 'An act to regulate navigation on the Great Lakes and their connecting and tributary waters,' approved February 8, 1895."

Mr. JOHNSON. I move that the amendments be acceded to by the Senate.

The motion was agreed to.

CALL OF THE ROLL

Mr. LONG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll. The Chief Clerk called the roll, and the following Senators answered to their names:

Austin	Dale	Kean	Schall
Bankhead	Davis	Kendrick	Sheppard
Barbour	Dickinson	Keyes	Shipstead
Bingham	Dill	Kling	Shortridge
Blaine	Fess	La Follette	Smith
Borah	Fletcher	Lewis	Smoot
Bratton	Frazier	Logan	Steiger
Broussard	Glass	Long	Stephens
Bulkeley	Glenn	McGill	Thomas, Okla.
Bulow	Goldsborough	McKellar	Tydings
Byrnes	Gore	McNary	Vandenberg
Capper	Hale	Metcalf	Wagner
Caraway	Hastings	Moses	Walsh, Mass.
Cohen	Hatfield	Neely	Walsh, Mont.
Connally	Hawes	Norris	Watson
Copeland	Hayden	Oddie	White
Costigan	Howell	Pittman	
Couzens	Johnson	Reed	
Cutting	Jones	Robinson, Ind.	

The VICE PRESIDENT. Seventy-three Senators having answered to their names, there is a quorum present.

COMMITTEE SERVICE—PERSONAL EXPLANATION

Mr. LONG. Mr. President, I shall take but a moment or two of the time of the Senate.

Following the convening of the Senate to-day the committees which had been assigned to me, and from which I resigned some days ago, were reassigned, and I think it well for me to state that I shall expect the Democratic caucus at the proper time to make proper assignments on committees of the Senate, with the caucus understanding exactly my position as I have expressed it.

I undertook to secure the attendance of the senior Senator from Arkansas [Mr. ROBINSON], but he could not be reached. I tried to get the floor this morning, and I hesitate to say anything now about the Senator from Arkansas in his absence. However, I feel that I owe it to the Senator from Arkansas to reciprocate the very kind compliments he paid my sundry qualifications the other day by stating that I know him to be a man of great standing in our section of the country, in proof of which I send to the desk and ask the clerk to read an extract from Martindale's Legal Directory, so that it will appear in the Record.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will read.

The Chief Clerk read as follows:

[Extracts from Martindale's Legal Directory, 1930]

ROBINSON, HOUSE & MOSES

J. T. R., '72 '94 a v l g U. S. Sen.; J. W. H., jr., '86 '11 a v l g; C. H. M., '87 '10 a v l g.

Associates: Harry E. Meek, W. H. Holmes, J. F. McClerkin, Raymond Roddy, Frank Bird.

Attorneys for Arkansas Power & Light Co.; Louisiana Power & Light Co.; Mississippi Power & Light Co.; Southern Power & Light Co.; Southern Ice & Utilities Co.; Little Rock Gas & Fuel Co.; Southwest Dairies Products Co.; Southwest Ice & Cold Storage Co.; Southwest Joint Stock Land Bank; Pioneer Reserve Life Insurance Co.; Southwest Telephone; Graysonia, Nashville & Ashdown Railway; Louisiana & Arkansas Railway Co.; Hollenberg Music Co.; Arkansas Portland Cement Co.; Terminal Warehouse Co.; the Texas Co.; Twin City Bank; Guaranty Savings & Loan Co.; the Gus Blass Co.; Kempner Realty Co.; American Building & Loan Association; Boyle-Farrell Land Co.; Cox Cash Stores Co.; Equitable Surety Co.; Associated Employers Liability Co.; Columbian

Mutual Life; Southern Surety Co.; Marion Hotel; Lafayette Hotel; Capital Hotel; Merchants Transfer & Storage Co.; Arkansas Transfer Co.; Union Bond & Mortgage Co.; Southern Securities Co.; Southern Mutual Savings Co.; Southern Investors (Inc.); Smith Arkansas Traveller Co.; City Delivery Co.; H. L. Doherty & Co.; Chas. E. Gibson & Sons (Inc.); American Surety Co.; Ocean Insurance Co.

NAVAL BUILDING PROGRAM

The VICE PRESIDENT. The question is on agreeing to the motion of the senior Senator from Maine [Mr. HALE], that the Senate proceed to the consideration of Senate bill 51.

Mr. NORRIS. On that motion I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. DICKINSON (when his name was called). I have a general pair with the senior Senator from Kentucky [Mr. BARKLEY], and in his absence, not knowing how he would vote, I withhold my vote.

Mr. HATFIELD (when his name was called). I have a general pair with the senior Senator from North Carolina [Mr. MORRISON]. I am informed that that Senator would vote as I intend to vote, and therefore I am at liberty to vote. I vote "yea."

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I do not know how he would vote on the pending motion, and therefore withhold my vote. If at liberty to vote, I would vote "yea."

Mr. FRAZIER (when Mr. NYE's name was called). My colleague the senior Senator from North Dakota [Mr. NYE] is necessarily absent. On this question he is paired with the junior Senator from Connecticut [Mr. WALKOTT]. If my colleague [Mr. NYE] were present, he would vote "nay." I understand the junior Senator from Connecticut [Mr. WALKOTT] would vote "yea."

Mr. REED (when his name was called). I have a general pair with the Senator from Arkansas [Mr. ROBINSON]. I transfer that pair to the Senator from Missouri [Mr. PATTERSON], and vote "yea."

The roll call was concluded.

Mr. McKELLAR (after having voted in the negative). I have already voted, but I understand that my pair, the Senator from Delaware [Mr. TOWNSEND], is not present and has not voted. Therefore I transfer my pair with that Senator to the junior Senator from Tennessee [Mr. HULL] and allow my vote to stand.

Mr. JONES. I have a general pair with the Senator from Virginia [Mr. SWANSON]. I transfer that pair to the junior Senator from Wyoming [Mr. CAREY] and vote "yea."

Mr. NORRIS. The senior Senator from Iowa [Mr. BROOKHART] is paired with the senior Senator from Mississippi [Mr. HARRISON]. If the senior Senator from Iowa were present, he would vote "nay." I understand the senior Senator from Mississippi would vote "yea."

Mr. HAYDEN. My colleague, the senior Senator from Arizona [Mr. ASHURST], is necessarily absent on official business. If present, he would vote "yea."

Mr. FESS. I wish to announce the following general pairs:

The Senator from Idaho [Mr. THOMAS] with the Senator from Montana [Mr. WHEELER];

The Senator from Rhode Island [Mr. HEBERT] with the Senator from North Carolina [Mr. BAILEY]; and

The Senator from Colorado [Mr. WATERMAN] with the Senator from Alabama [Mr. BLACK].

Mr. SHEPPARD. I desire to announce that the following Senators are necessarily detained from the Senate on official business: The Senator from Arizona [Mr. ASHURST], the Senator from Oklahoma [Mr. THOMAS], the Senator from Massachusetts [Mr. COOLIDGE], the Senator from Tennessee [Mr. HULL], and the Senator from Florida [Mr. TRAMMELL].

The result was announced—yeas 46, nays 25, as follows:

YEAS—46

Austin	Bulkeley	Copeland	Fletcher
Barbour	Byrnes	Dale	Glass
Bingham	Caraway	Davis	Glenn
Broussard	Cohen	Fess	Goldsborough

LXXV—597

Hale	Kendrick
Hastings	Keyes
Hatfield	Lewis
Hawes	Long
Hayden	McNary
Johnson	Metcalf
Jones	Moses
Kean	Oddie

Reed	Tydings
Robinson, Ind.	Vandenberg
Schall	Wagner
Sheppard	Walsh, Mass.
Shortridge	Watson
Smith	White
Smoot	
Steinwer	

NAYS—25

Bankhead	Costigan	King	Pittman
Blaine	Couzens	La Follette	Shipstead
Borah	Cutting	Logan	Stephens
Bratton	Dill	McGill	Walsh, Mont.
Bulow	Frazier	McKellar	
Capper	Gore	Neely	
Connally	Howell	Norris	

NOT VOTING—25

Ashurst	Dickinson	Nye	Trammell
Bailey	George	Patterson	Walcott
Barkley	Harrison	Robinson, Ark.	Waterman
Black	Hebert	Swanson	Wheeler
Brookhart	Hull	Thomas, Idaho	
Carey	Morrison	Thomas, Okla.	
Coolidge	Norbeck	Townsend	

So Mr. HALE's motion was agreed to; and the Senate proceeded to consider the bill (S. 51) to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaty, which had been reported from the Committee on Naval Affairs with an amendment.

APPROPRIATIONS FOR TREASURY AND POST OFFICE DEPARTMENTS

Mr. BINGHAM. Mr. President, the other day I voted in favor of Senate Resolution 197 directing the Committee on Appropriations to make a 10 per cent reduction in the Treasury and Post Office Departments appropriation bill. Evidence has accumulated to the effect that there is danger in that move if carried out as directed by the Senate, that there may be serious disruption in both departments and the dismissal of many mail carriers and many customhouse and revenue employees. Therefore I ask unanimous consent at this time to introduce a resolution, that it may be read at the desk and lie over under the rule.

The VICE PRESIDENT. Without objection, the resolution will be read for the information of the Senate.

The resolution (S. Res. 206) was read, as follows:

Resolved, That it is the sense of the Senate that the Committee on Appropriations, in its consideration of the bill (H. R. 9699) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1933, and for other purposes, with a view to making the 10 per cent reductions referred to in Senate Resolution 197, should not reduce the appropriations for the Postal and Customs Services to a point where such services would be seriously disrupted.

The VICE PRESIDENT. Is there objection to the request of the Senator from Connecticut?

Mr. McKELLAR. Mr. President, I suppose the Senator has a right to introduce the resolution.

The VICE PRESIDENT. Not at this time without unanimous consent.

Mr. McKELLAR. I have no objection to its introduction, but I have very serious objection to its consideration.

The VICE PRESIDENT. Without objection the resolution will be received, printed, and lie on the table.

EXECUTIVE SESSION

Mr. McNARY. Mr. President, the Senator from Idaho [Mr. BORAH] has expressed a desire for an executive session at this time. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

REPORTS FROM COMMITTEE ON POST OFFICES

The VICE PRESIDENT. Reports of committees are in order.

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters.

The VICE PRESIDENT. The nominations will be placed on the calendar. If there are no further reports of committees, the calendar is in order.

TREATY WITH TURKEY

The Senate as in Committee of the Whole proceeded to consider Executive F (72d Cong., 1st sess.), a treaty of establishment and sojourn signed by the plenipotentiaries of the United States and the Republic of Turkey at Ankara on October 28, 1931, which was read as follows:

To the Senate of the United States:

To the end that I may receive the advice and consent of the Senate to ratification, I transmit herewith a treaty of establishment and sojourn signed by the plenipotentiaries of the United States and the Republic of Turkey at Ankara on October 28, 1931.

HERBERT HOOVER.

THE WHITE HOUSE, February 25, 1932.

THE PRESIDENT:

The undersigned, the Secretary of State, has the honor to lay before the President with a view to its transmission to the Senate to receive the advice and consent of that body to ratification, if his judgment approve thereof, a treaty of establishment and sojourn between the United States and the Republic of Turkey, signed at Ankara on October 28, 1931.

Respectfully submitted.

HENRY L. STIMSON.

DEPARTMENT OF STATE,

Washington, February 24, 1932.

The United States of America and the Republic of Turkey, being desirous of prescribing, in accordance with modern international law, the conditions under which the nationals and corporations of each of the High Contracting Parties may settle and carry on business in the territory of the other Party, and with a view to regulating accordingly questions relating to jurisdiction and fiscal charges, have decided to conclude a treaty for that purpose and have appointed their plenipotentiaries:

THE PRESIDENT OF THE UNITED STATES OF AMERICA:

Joseph C. Grew, Ambassador Extraordinary and Plenipotentiary of the United States of America to the Turkish Republic; and

THE PRESIDENT OF THE TURKISH REPUBLIC:

Zekâi Bey, Minister for National Defence who, having communicated to each other their respective full powers, found to be in good and due form, have agreed upon the following provisions:

ARTICLE 1

With reference to the conditions of establishment and sojourn which shall be applicable to the nationals and corporations of either country in the territories of the other, as well as to fiscal charges and judicial competence, the United States of America will accord to Turkey and Turkey will accord to the United States of America the same treatment in all cases as that which is accorded or shall be accorded to the most favored third country.

Nothing contained in this treaty shall be construed to affect existing statutes and regulations of either country in relation to the immigration of aliens or the right of either country to enact such statutes.

ARTICLE 2

The present Treaty shall be ratified and the ratifications thereof shall be exchanged at Washington as soon as possible.

It shall take effect at the instant of the exchange of ratifications and shall remain in effect for three years. After this date it shall remain in effect until the expiration of twelve months from the date on which notice of its termination shall have been given by either High Contracting Party to the other.

IN WITNESS WHEREOF the plenipotentiaries have signed the present Treaty and have affixed their seals thereto.

Done in duplicate in the English and Turkish languages at Ankara this 28th day of October nineteen hundred and thirty one.

JOSEPH C. GREW
ZEKÂI

Mr. BORAH. Mr. President, this is a treaty with Turkey, to which reference was made during the last executive session, and to which the Senator from Utah [Mr. KING] called attention and asked to have passed over. I understand at the present time the Senator from Utah has no further objection to offer in regard to the treaty.

Mr. KING. I have no objection to its consideration.

The VICE PRESIDENT. If there be no amendment to be proposed, the treaty will be reported to the Senate.

The treaty was reported to the Senate without amendment.

The VICE PRESIDENT. The question is on the resolution of ratification, which will be read.

The resolution of ratification was read, as follows:

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Executive F, Seventy-second Congress, first session, a treaty of establishment and sojourn with Turkey, signed at Ankara on October 28, 1931.

The resolution was agreed to, two-thirds of the Senators present voting in the affirmative.

POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. McNARY. I ask that the nominations of postmasters be confirmed en bloc.

Mr. NORRIS. Mr. President, there is one nomination which I ask may be passed over. I have reference to Order of Business No. 4197, the nomination of Earnest E. Correll to be postmaster at Hebron, Nebr.

The VICE PRESIDENT. That nomination will be passed over, and, without objection, the other nominations of postmasters are confirmed en bloc. That completes the calendar.

The Senate resumed legislative session.

ADJOURNMENT

Mr. McNARY. I move that the Senate adjourn, the adjournment being until 12 o'clock noon to-morrow.

The motion was agreed to; and the Senate (at 4 o'clock and 15 minutes p. m.) adjourned until to-morrow, Wednesday, May 4, 1932, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 3 (legislative day of April 29), 1932

POSTMASTERS

IDAHO

Amanda O. Holmes, Plummer.

INDIANA

Samuel I. Parker, Howe.
Paul R. Reece, Spiceland.
James C. Stott, Westport.

LOUISIANA

John A. Moody, Cotton Valley.
Lillian P. Gross, Lake Providence.

MARYLAND

Fred W. Kubler, Cordova.
Richard M. Canady, Fort Washington.

NORTH DAKOTA

Jessie L. Kinsey, Beach.
Marie Siverts, Dodge.

OHIO

Jerome H. C. Goodhart, Brewster.
Hugh M. Hay, Coshocton.
Edwin H. Garver, Navarre.
Henrietta Bennett, Tippecanoe City.

OKLAHOMA

Roy Patton, Ames.
Albert B. Deselms, Edmond.

Hubbard Ross, Fort Gibson.
 Chester P. Keil, Fort Towson.
 Thomas H. Gillentine, Hollis.
 Isaac W. Linton, Jones.
 William H. Jones, Kiefer.
 John H. Durnil, Picher.
 Leslie C. Mendenhall, Seiling.
 Louis G. Scott, Stroud.
 Howard E. Sowle, Vici.
 Fred Godard, Wellston.

PENNSYLVANIA

Bennett H. Light, Avon.
 John M. Kotch, Beaver Meadows.
 Laura M. Peacock, Houston.
 Isaiah M. Stauffer, Millersville.
 Abram M. Lichty, Paradise.
 Cleo W. Callaway, Shawnee on Delaware.
 William A. Bailey, Southwest.

WISCONSIN

Henry F. Roehrig, Arpin.
 John C. Chapple, Ashland.
 George Ketzel, Clayton.
 Beatrice Ring, Osseo.
 Charles E. Sage, Wild Rose.

WYOMING

Frank Breitenstein, Parco.

HOUSE OF REPRESENTATIVES

TUESDAY, MAY 3, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, in this sacred quietness dedicated to Thee as our Heavenly Father we would say: "Holy, holy, holy." Thou alone hath the first and lasting claim to our deepest reverence. Thou canst inspire us with the existence of moral power in our breasts. It does not inhere in things external but in the eternal truth that comes from Thee and has to do with our divine natures. Permit nothing, blessed Father, to weaken this quality of soul which belongs to our immortal beings, but make it forever fresh in whom it dwells. Above all things, quicken with an ambition that reaches to the highest pinnacle of statesmanship. Such an exaltation will lead us to remember things for the sake of our country, which we love. O make us really great with nobleness by enduing us with a great affection that shall be sovereign, expelling all pride, all sensitiveness, and all of self. Amen.

The Journal of the proceedings of yesterday was read and approved.

PRESENTATION OF BUST OF WASHINGTON

Mr. NELSON of Wisconsin. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. NELSON of Wisconsin. Mr. Speaker, under leave to extend my remarks in the RECORD, I insert an address which I delivered at Madison, Wis., on July 17, 1931, at the presentation of a bust of George Washington to the State of Wisconsin; also the speech of acceptance on behalf of the State of Wisconsin by His Excellency Gov. Philip F. La Follette:

ADDRESS OF HON. JOHN M. NELSON, OF WISCONSIN, AT THE PRESENTATION OF A BUST OF GEORGE WASHINGTON TO THE STATE OF WISCONSIN

Governor La Follette, for the purpose of directing your attention to the coming George Washington bicentennial celebration, I have the honor of presenting to you a bust of the man and statesman whom it is the Nation's will to commemorate. This memorial gift is presented to you by the national commission composed of the President and representative men and women of our country as a token of the confident expectation that at the proper time you will lead the citizenship of this great Commonwealth in the patriotic appreciation of the life and character of the Father of our Country.

It was the hope of the Congress of the United States that by pointing out and inculcating the essential principles that molded and formed his splendid life and noble character, imperishable standards of conduct, this commemoration of the two hundredth anniversary of his birth might be productive of inestimable public good.

During the coming year, from the 22d day of February to our Thanksgiving Day, the limits of the festivities set by Congress, many pilgrimages will be made to his earthly shrine on the beautiful banks of the Potomac. The celebration, however, is not to be localized; it is to be nation-wide. From the great cities to the smallest hamlets the American people will extol the life and services of one whose name symbolizes that which is noblest in our national history.

This celebration is not only fitting and timely, it is also necessary. Were Washington with us to-day, what deplorable and disheartening national evils he would witness, to his great grief—evils that disrupt our homes, deteriorate our schools, destroy our faith in God, disturb our national prosperity, and endanger our peace at home while entangling us in wars abroad. Washington knew that history consists of a chain of causes and effects, and therefore would have realized that the problems that vex and perplex us to-day are the inevitable results of the violation of the principles which he made the guiding forces of his own life and which he commended earnestly to his countrymen in his Farewell Address.

While Washington was in every way a human being with all the inherent infirmities of our race of mankind, he nevertheless became a standard or pattern that we would do well to point out for the emulation of his fellow men. We may very profitably urge the study of the material and spiritual factors that united to make him the man he was. The abstract study of principles calls for the highest type of the trained mind. Only very few can attain to such high degree of mental efficiency. But we can all study with profit the principles of George Washington as we find them exemplified in his long career and illustrious character.

No matter in what institution we study him, be it in his home, at school, as a member of his church, in his business, or as a citizen and statesman of his country, we find him steadily adhering to principles which he clothed with deeds and words that speak eloquently to the world for all time.

May I first remind you of his beautiful home life, the primary institution for development of human character? Here we see him carefully fostered by human factors in an atmosphere of love. His father was the first of these human agencies. He laid the foundation of the code of rightful living for the boy, but died when George was only 11 years old. Becoming thus early the head of the family brought him to realize his individuality and responsibility.

But it was chiefly his mother, Mary Ball Washington, and later his wife, Martha Custis Washington, who laid the foundation in love for his successful career. His mother from the shelves of her own library took books of wise maxims and precepts and read them to her child, explaining the deep principles they expressed with illustrations from nature, history, and Holy Writ until he had grasped the essence of their rich and profound truths. At her knee and by her side in the atmosphere of a mother's love were thus sown as seeds or implanted the eternal principles that mold life and condition success. To his mother's influence he testified in these words, "All I am I owe to my mother."

His wife's influence began when he was 27 and continued to his death. No visitor at Mount Vernon can fail to be impressed with an atmosphere filled with the fragrance of love between Washington, the husband; Martha, his wife; and his adopted children—it still seems to linger there. In this long and happy home life was thus instilled the principle that made him the human criterion he was of a lover par excellence of country and mankind. What is patriotism but love of country? What is love of country but love of fellow men? Can there be love of country unless there first appears in the human heart this spiritual essence called love, and where can it come into being better than in the homes of America, at a mother's knee, subsequently to be nourished and cherished in the family life and companionship with wife and children?

It may be most pertinent to this celebration to inquire, Can we feel that our country is our homeland where there is no true feeling of home life? Can a tree blossom and bear fruit without roots? And is it not true that before there can be genuine citizenship there must first be true manhood and womanhood? Therefore, before we consider Washington, the statesman, let us point out Washington, the man, the model son, and exemplary husband. Let us drive home the truth that if we are to save our country we must first preserve our homes.

Let me next point out to you another institution that helped form our first President—that of his schooling or educational development. Here his mind was brought into contact with truth. A teacher, we know, is the usual human factor, and a process called education—the mental operation, the drawing out and disciplining of the mental faculties of the human soul by direct contact with science or knowledge—the sum total of developed, organized, and systematized truth.

It must be remembered that Washington lived when Harvard and Yale were in their infancy and State universities like Wisconsin not yet established. In his day men of means sent their sons to European schools of higher learning. Because of his father's death his mother could not afford this, so he was denied the advantages given to his older stepbrothers. He did, however,

for a time have a private tutor, an "indentured" servant, who was a man of education.

Before he was 15 he attended Williams School, where he became familiar with elementary mathematics and surveying. It is clearly evident that he did not have the advantages of university training under learned leaders, but was chiefly self-educated. Nevertheless, Washington became one of the best-educated men of his day because he was educated in many ways by study, experience, travel, and associations with cultivated and educated persons of the old and the new world.

Greatly interested was he in learning for others. Besides providing education for his own kindred, he paid for the tuition of other boys. Washington believed in education, advised it, and practiced it. He was a patron of schools. He instituted the first free schooling in Alexandria, Va., and, by his will, left funds for an American university.

Country and school, like country and home, are interdependent. This is a fact well brought out by Washington himself in these words:

"I have greatly wished to see a plan adopted by which the arts, sciences, and belles lettres could be taught in their fullest extent, thereby embracing all the advantages of European tuition, with the means of acquiring the liberal knowledge, which is necessary to qualify our citizens for the exigencies of public as well as private life.

"The best means of forming a manly, virtuous, and happy people will be found in the right education of youth—without this foundation, every other means, in my opinion, must fail."

And

"Promote, then, as an object of primary importance, institutions for the general diffusion of knowledge. In proportion as the structure of a government gives force to public opinion, it is essential that public opinion should be enlightened."

Washington may well be an educational standard for the youth of America. His life illustrates the fact that while universities are very useful, they are not absolutely necessary for high mental training and attainments of solid and practical learning.

If love of country is dependent upon the cultivation of this sentiment in the human soul in our homes, and if our country is dependent upon the light of truth illuminating the minds of men, much more, I affirm, is it dependent upon that faith in the truth of God that has revealed to mankind the eternal spiritual principles, and set before us a code of laws of the whole moral order together with the eternal sanctions that enforce them.

No land can long enjoy the fruits of prosperity, peace, liberty, and happiness when committed to the rule of Godless government.

Indeed, the life of the Nation varies directly with the spiritual life of its people. Contrast the blessings of liberty that we enjoy under a Government that acknowledges the existence of God in many ways, by opening its legislative and congressional sessions with prayer, by setting aside a day of thanksgiving and by freely permitting all men to worship according to the dictates of conscience, with the oppressions of the people in the lands of Italy under Mussolini, and of Russia under Stalin, dictators who neither reverence God nor respect the rights of man.

What a contrast with these rulers was our God-fearing Washington, born of Christian parents, and baptized as a member of the Episcopal Church. From infancy his training was deeply spiritual. When his father died he took his place at the head of the table and said grace at meals. He always established a church home wherever he lived—first, the old Popes Creek Church, where he was baptized; later, in Fredericksburg; old Pohick Church in the earlier days at Mount Vernon; St. Paul's Chapel, which afterwards became Trinity Church, New York City; Christ Church, in Philadelphia; and, in his later years at Mount Vernon, Christ Church, at Alexandria. Although his church was the Episcopal, he worshiped in churches of other denominations when away from home.

Washington was without bigotry and without intolerance. On religious freedom he expressed himself thus:

"Of all the animosities which have existed among mankind, those that are caused by difference of sentiment in religion appear to be the most inveterate and distressing and ought most to be deprecated."

And—

"While we are contending for our own liberty, we should be very cautious of violating the rights of conscience in others, ever considering God alone is the judge of the hearts of men."

His diaries and letters contain many expressions of his reverence for God and his respect for religion. Through these writings, he has revealed his abiding faith in the divine power, giving grateful thanks for his victories and for his deliverances from danger. Listen to the following:

"I shall always strive to prove a faithful and impartial patron of genuine, vital religion.

"It is impossible to reason without arriving at a Supreme Being.

"True religion affords government its surest support.

"Of all the dispositions and habits which lead to political prosperity, religion and morality are indispensable supports."

And—

"When I contemplate the interposition of Providence, as it was manifested in guiding us through the Revolution, in preparing us for the reception of a general government, and in conciliating the good will of the people of America toward one another after its adoption, I feel myself oppressed and almost overwhelmed with a sense of divine munificence."

And at the close his life ebbed out with these words:

"I am going. 'Tis well. Father of Mercies, take me to Thyself." Country and faith in God, as inculcated by the church, are interdependent. With the evidence of the French Revolution before him, he declared in solemn words in his Farewell Address this sentiment:

"Morality is the necessary spring of popular government" * * * "reason and experience both forbid us to expect that the national morality can prevail in exclusion of religious principle."

Let us next behold Washington the business man. Here, too, he is a standard that we may well copy. In this institution he does not seem to have had any special leader; he was essentially self-made. He was guided by the highest business principle, industry, knowledge, and integrity. He was always at work; he studied everything scientifically. Quoting from memory from one of his account books now in the Treasury Department, I once read this simple statement in his own handwriting:

"I desire neither to wrong nor to be wronged."

Adhering strictly to these business principles, he became one of the wealthiest men of his time. He was a farmer, a surveyor, and a landowner. Washington started his profession as a surveyor at the age of 16. He pursued this calling for four years. It was also at the age of 16 when he bought his first land, consisting of 550 acres of wild land in Virginia, that he began laying the foundation for a career which was his greatest ambition and pleasure—a successful farmer. Before he was 21, out of his earnings as a surveyor he had purchased 1,558 acres of land and had previously, through the death of his brother Lawrence, come into possession of the estate at Mount Vernon.

Through his marriage with the wealthy widow, Martha Custis, considerable property came under his management. To farming and the ownership of land and property Washington gave what we would say of any other man, his "whole-souled" interest. He acquired more land—8,000 acres in all—in this "bustling village," 150 "slaves and white servants besides weavers, brickmakers, * * * shoemakers, blacksmiths"; 3,200 acres of his estate was under cultivation at one time. He rode over his property, advised with his overseers, and as diligently studied to perfect his methods of agriculture, shipping, and livestock breeding as previously he had concentrated on efforts to master school books, surveying, or warfare.

Although a scientific farmer, it required business acumen to control 63,000 acres of land, much of it scattered in far sections of the country. He traveled to these distant points, and as he traveled he thought. He saw with his keen surveyor's vision this West united with the East by roads serving as arteries of communication; he saw new waterways serving as market channels to bring the rich produce of the West to Atlantic ports.

He managed his property in a systematic manner; he kept carefully a set of account books; required his men to make regular, detailed reports of crops planted and harvested and of the labor employed.

Washington's standard of conduct as a business man, if applied to-day, would solve most of the industrial and business problems now before Congress pressing for solution. No country can prosper without industry on the part of its citizenship. Agriculture can not be successful that is not scientific; and farmers must neither do wrong themselves nor suffer themselves to be wronged; and if "Keeping government out of business" is a good slogan, no less excellent would be "Keeping business out of government." In the simple statement from his account book, above quoted, that he wished neither to wrong nor to be wronged, he gave us the criterion of all good government—equal and exact justice to all alike.

As the Father of our Country, soldier, and statesman he is best known to us and to the world. He followed no leader, and from the beginning he summed up in himself the views of all sections of the country and of all patriots of the day. He was more of a counselor than agitator or orator. Throughout his entire life as a citizen and as a statesman he stood for the principles of righteousness and liberty. He was in himself the exponent and standards of these ideals.

Washington's military career began at the age of 19 years, when he was appointed adjutant general of the Virginia Militia. His missions to the French, his frontier commands, as volunteer on the disastrous expedition with General Braddock, in which he was the only officer to return safely, and the important part played by him in the expedition that captured Fort Duquesne were but steps which brought out the qualities necessary to a successful commander. These difficult tasks he executed with "efficiency, dependability, and high courage," and thus he prepared himself for a larger military field.

The American soldiers who had rallied to the cause of England at Fort Mifflin, which in the hands of the French became Fort Duquesne, had been promised bounty land out in the great West, but these promises were not kept. Who but Washington, whose inherent principles demanded that not alone the letter but the spirit of the contract should be amply met, who but Washington, with his sense of right and justice, would assume the burden of crossing at his own expense into the far-away country of Ohio that he might gain these lands by way of compensation for those who had risked everything for the protection of their fellow men; and who but Washington, sitting as a Burgess for Frederick County, Va., would have so vigorously opposed the rising tide of oppression by England. He was a wealthy man, and could easily afford the taxes levied upon colonists. But the stamp act, the Townshend Act, and other similar acts were aimed at their rights,

liberty, and freedom. Finally, when news reached the House of Burgesses that the Boston port was closed, in accordance with their resolution, Washington spent the day in fasting and prayer to prepare himself against that time when he might be called to action. Later he volunteered to raise and maintain at his own expense an army of 1,000 men, and to lead them to the relief of Boston.

It was but natural that with his firm, fearless, and loyal background, though but 43 years of age, his countrymen at the beginning of the Revolutionary War united to elect him commander in chief of the American forces. John Adams's proposal that he be made the head of the Army was set forth with these words:

"A gentleman whose skill and experience as an officer, whose independent fortune, great talents, and universal character would command the approbation of all America, and unite the cordial exertions of all Colonies better than any other person in the Union."

As a solemn duty and with diffidence and humility he accepted this trust, saying "I do not think myself equal to the command I am honored with."

From the siege of Boston, through the hard winter at Valley Forge, the trials of Newburgh, to the fall of Yorktown and the final treaty of peace in 1783, he carried on the struggle for independence under extraordinary circumstances—cold, hunger, bloody battles, lack of funds, discontent among the officers, discouragement on the part of his men, and virulent attacks outside the Army, besides the conspiracies and intrigues in Congress. These were bitter years of the Revolution. For Washington, on whom rested most heavily the responsibility, they were years of heartaches that a "brother's sword has been sheathed in a brother's breast"; years of disappointment that the policies of the mother country had so far digressed from the conscience of fundamental rights; years torn by sympathy for those who, through loyalty to their country, lay dead or bleeding, and for their families who were in want.

But, too, these were years of hope, of faith, on his knees at Valley Forge, that a divine Providence led the way; of submergence of self to a great duty, sacrificing his business, bearing separation from his home, enduring untold hardships; but ever with the keen foresight, the cautious strategy of a commander of men.

When peace was consummated and his duty was done, he submitted his resignation and returned to private life at Mount Vernon, refusing all recompense for his services beyond personal expenses.

In his political life he was equally as firm, sincere, courageous, and loyal. This career started at the age of 23 when he became a candidate for election as burgess of Frederick County. He was defeated. Three years later he again became a candidate and won. Again his fearless and able championship of right and justice as burgess and delegate to the First and Second Continental Congresses were but stepping-stones to a larger political field.

Through the First Continental Congress Washington sat as a delegate, not active so much as contemplative. He was not a ready speaker; rather he weighed the debates, and reasoning out his own conclusions, mingled informally with his fellow citizens, driving his convictions home. Patrick Henry said of him that for "solid information and sound judgment" he was "the greatest man on the floor." The Second Continental Congress met. Washington was active on committees for raising money and making military plans. Keen insight, deliberation, charity—never hasty conclusion; never the blow struck in wrath—such was Washington's method of procedure.

After the Revolutionary War it was Washington's desire to see a union of the States. He had fought for freedom, now he sought for unity. Once more we find him at the helm in times of stress. Not by chance was Washington selected as President of the Constitutional Convention. His had been the mind back of those principles 12 years before incorporated in the Fairfax County resolves, which became themselves the incipient Constitution. His had been the leaven, in the form of his correspondence, that had worked throughout the Colonies in preparation for the convention and had molded public opinion.

With the Constitution accepted it was in the natural order of event that Washington should be our first President. During his administration of two terms he unflinchingly stood for justice and equal opportunity for all, and no force could swerve him from the path of duty. He selected men for his Cabinet who were personally known to him for their worth and capability. It was he who organized the Supreme Court of the United States, the first tribunal in the world to pass upon the constitutionality of legislative enactments. He was the center of all great legislation, and it was during his Presidency that he laid down sound principles on such vital questions as public revenue, public debt, the civil and criminal law of the Federal Government, the admission of new States, the treatment of the Indians, the system of taxation, and the protection of life and property upon which the freedom and prosperity of our country is based. It may be said that on domestic policies he followed the avowed objects of the Constitution itself and sought to administer that Constitution so as to form a "more perfect Union, establish justice, insure domestic tranquillity, provide for the common defense, promote the general welfare, and secure the blessings of liberty."

His fundamental maxims on foreign policy are to me a most important legacy so pertinent to our day. Some of these are:

"Observe good faith and justice toward all nations; cultivate peace and harmony with all."

"The great rule of conduct for us in regard to foreign nations is, in extending our commercial relations, to have with them as little political connection as possible."

"The duty of holding a neutral conduct may be inferred, without anything more, from the obligation which justice and humanity impose on every nation, in cases in which it is free to act, to maintain inviolate the relations of peace and amity toward other nations."

It was with these foreign policies that he guided our ship of state safely through the excitement of the French Revolution and the difficulties between England and France. Much pressure was brought to bear on him to have us become involved in these turmoils, but he stood firm and steadfast for what he knew was for his country's highest good. May God grant that our statesmen and leaders of to-day and of the future may be guided by these sound rules of conduct in dealing with our foreign friends and foes. What a nation needs above every earthly consideration is courageous, wise, and righteous leadership.

After dedicating 45 years of life to the service of his country, Washington refused to be considered for a third term as President, and at the age of 65 returned to his beautiful Mount Vernon to enjoy the freedom and comforts of private life which for so many years he had denied himself. But it was not long before the Swift Reaper laid him low in the very spot he loved so well.

This is Washington—not a mythically heroic figure but human as are we ourselves; a noble and inspiring character, a farmer, patriot, statesman, a man of vision who could dream dreams, yet keep his feet on the immortal principles of right and justice.

All honor and gratitude is due to the God of our fathers for the gift of him to his country. His descent from an ancestry that for generations were men of the highest character, his impressionable natural and spiritual environment in the new world and fellowship with the best minds of the old; and finally, the world events into which he was born at the time when a nation was to come into being to stand for the eternal rights of man made him a child of destiny. There was, there is, and there can be but one George Washington.

It is a replica of the bust of this great man, by the famous sculptor, Joseph Nollekens, that, by request of the national commission, I now present to you.

Is it too much to hope that the statesmanship and the citizenship of our country may be united in a common bond of pure patriotism in the commemoration of this great personality who was himself the very embodiment of love of country? Is it too much to hope that we may take account of our deviation from the guiding principles that applied first to his own life, and sought to express in the life of the Nation of which he was the first President? And may it be too much to hope that as a people we may find in this review of our early national history once more the ideals that lead us to the heights of greatness, ideals of righteousness, truth, and liberty, upon the altars of which George Washington voluntarily placed the most precious possessions that attract the aspirations of man, property, life, and freedom that he might serve his country, his fellow men, and the world? For, surely, as we look about us and consider the evils that have come upon us, we must realize that only by a rededication of our national life to these great principles can there be any real and lasting solution of our pressing national problems.

ADDRESS OF GOV. PHILIP LA FOLLETTE IN ACCEPTING ON BEHALF OF THE STATE OF WISCONSIN THE BUST OF GEORGE WASHINGTON

We enjoyed listening to this splendid paper of yours, which is far more than a mere formal presentation of this bust. During the time you talked to us this morning you gathered together and presented to us this man's life most beautifully. So much has been written and so much has been said about Washington that I know of no more difficult task than to attempt to address oneself on this subject.

I congratulate you on the manner and method which was used in the presentation of your address. The statue is, of course, a valuable thing to have here in the capitol. I am sure that nothing pleases me more than to have it here in the capitol where the people who come may have an opportunity to see it. We have no bust of Washington. I know that the people who come into this room, as they do by the hundreds, will get pleasure and happiness in seeing this replica of the Father of our Country.

Mr. Congressman, I express again my appreciation to you personally for the beautiful manner in which you have performed this ceremony. I request that you convey to the commission at Washington my deepest appreciation and thanks of myself and all the people who come to see it.

VETO MESSAGE OF A PENSION BILL

The SPEAKER. The first business in order to-day is the veto message of the President of the bill H. R. 9575.

Mr. GASQUE. Mr. Speaker, I ask unanimous consent that the message and the bill H. R. 9575 be referred to the Committee on Pensions.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

LEGISLATIVE APPROPRIATION BILL

Mr. McDUFFIE. Mr. Speaker, I am sure the House wishes to complete the economy program at the earliest

possible moment, and I hope that we may complete it this evening. In an effort to expedite matters before moving to go into the Committee of the Whole House on the state of the Union, I wish to present a unanimous-consent request. It is that we have general debate on Title IX of the bill for a period of two hours, half of it to be controlled by the proponents and half to be controlled by those opposed to the bill, and that the title be considered by sections rather than one whole proposition, under the 5-minute rule.

Mr. BULWINKLE. Reserving the right to object, I would like to know who is to control the time of those opposed.

Mr. RAMSEYER. I suggest that the gentleman from Alabama control half of the time in favor of the title and yield the other half to some one else.

Mr. JOHNSON of South Dakota. Reserving the right to object, that would make it necessary if I desired time to go to the gentleman from Alabama for time. I understand the debate will revolve around the motion of the gentleman from North Carolina to strike out the proposed title, and in lieu thereof insert a provision providing for a committee on investigation.

Mr. SNELL. Why not let the gentleman from Alabama control half of the time and the gentleman from South Dakota half of the time, and divide it up?

Mr. BULWINKLE. I want to know where I will come in.

Mr. SNELL. How much time does the gentleman want?

Mr. BULWINKLE. About 10 minutes.

Mr. McDUFFIE. Under the general practice, time is equally divided between those in favor and those opposed, and I think the time in opposition should be yielded to some one opposed to the title. Therefore I suggest that half of the time be controlled by myself and half by the gentleman from North Carolina [Mr. BULWINKLE].

The SPEAKER. Is there objection?

Mr. BROWNING. Reserving the right to object, I do not object to the arrangement for general debate, but it is my intention to offer an amendment to strike out the entire title and not substitute anything. I think the rule we are working under for orderly procedure ought to be proceeded with. I am willing for general debate to run along as long as desired, and then close it on the title and all amendments thereto, and then read it under the rules of the House.

Mr. LA GUARDIA. Mr. Speaker, will the gentleman yield?

Mr. McDUFFIE. Yes.

Mr. LA GUARDIA. Under the gentleman's unanimous-consent request to read Title IX by sections, would that preclude a motion to strike out the entire section?

Mr. McDUFFIE. I think if we are proceeding section by section, the motion would apply to the section rather than to the entire title.

Mr. LA GUARDIA. Then it would preclude a motion to strike out the entire title?

Mr. McDUFFIE. Yes.

Mr. BROWNING. It would eliminate that privilege.

Mr. SWING. But a person who desired to bring about that result could make his motion on the first section, and if the motion prevailed, announce that he would make the same motion to strike down through the rest of the title.

Mr. CONNERY. Did I understand the gentleman from Tennessee [Mr. BROWNING] to say that he would like the opportunity to move to strike out the title?

Mr. BROWNING. Yes.

Mr. CONNERY. Unless the gentleman gets that opportunity, I am going to object.

The SPEAKER. If objection is heard on condition, it is useless to discuss the matter further.

Mr. McDUFFIE. May I present another unanimous-consent request in an effort to meet that objection? I ask unanimous consent that we have general debate on Title IX for two hours, half the time to be controlled by myself and half by the gentleman from South Dakota [Mr. WILLIAMSON], with the understanding that half of that time

shall be yielded to those who are opposed to the bill, that then we consider the title section by section, under the rules of the House.

Mr. BROWNING. That is exactly the request that the gentleman made before.

The SPEAKER. Objection to that has been made by the gentleman from Massachusetts [Mr. CONNERY].

Mr. McDUFFIE. Then, that a motion be in order to strike out the title.

Mr. RANKIN. Mr. Speaker, reserving the right to object, I understand that the gentleman from North Carolina [Mr. BULWINKLE] is going to move to strike out the title.

Mr. BULWINKLE. Yes; with one exception.

Mr. RANKIN. I went to the chairman of the committee, and he agreed to recognize me to move to strike out the title, and then informed me that he had formerly agreed to recognize the gentleman from North Carolina for the same purpose. If his motion is not to strike out the entire title, I have agreed with the members of the Veterans' Committee to move to strike out the entire title.

Mr. O'CONNOR. Mr. Speaker, I demand the regular order.

The SPEAKER. The gentleman from New York demands the regular order. The Chair will state the unanimous-consent request, as he understands it. The gentleman from Alabama asks unanimous consent that there be two hours of general debate on Title IX, the title already having been read, in Committee of the Whole, that one half of that time should be controlled by himself and the other half by the gentleman from South Dakota [Mr. WILLIAMSON], to be equally divided between those for and those against the title, that at the end of two hours' debate a motion be in order to strike out the title, and then that it be considered section by section. Is there objection?

Mr. BROWNING. Mr. Speaker, reserving the right to object, does that mean if the gentleman from North Carolina [Mr. BULWINKLE] makes a motion to strike out, with one exception, I may make my motion to strike out?

Mr. BULWINKLE. I am making the motion to strike out the entire section, and to insert in lieu thereof the present section 910, with some modifications, but my motion will be to strike out the entire section and insert.

Mr. LA GUARDIA. A substitute to that would be in order to strike out the entire title.

Mr. MAPES. Mr. Speaker, reserving the right to object, I take it from the unanimous-consent request, even though the title has already been read, that it is to be read after the general debate under the 5-minute rule section by section. Is that correct?

The SPEAKER. No; it would not be. The title has already been read.

Mr. MAPES. Then what significance has that part of the unanimous-consent request which provides that it shall be read section by section?

The SPEAKER. It seems to the Chair that the gentleman's request does not mean anything except two hours of general debate, and that then amendments may be offered to Title IX under the rule under which we are considering the bill.

Mr. MAPES. And be voted on without further debate?

The SPEAKER. Certainly; and all amendments to it, because the only request is to move to strike it out.

Mr. SNELL. Mr. Speaker, I don't understand there is any provision against general debate under the 5-minute rule, and after the two hours of general debate it will be read section by section, and there will be debate under the 5-minute rule.

The SPEAKER. Not at all. The title has been read and the gentleman's request is this, and the Chair will state it again so that there may be no misunderstanding. The gentleman requests that there be two hours of general debate, to be controlled one-half by himself and one-half by the gentleman from South Dakota, with the understanding that they shall yield one-half to those for and those against; that at the end of that time Title IX shall be considered under the rule governing the consideration of the bill. That

means that one may offer an amendment to strike out the title, and to strike out any section or anything else, but that the debate has ceased.

Mr. SNELL. That is not the way I understood it, Mr. Speaker.

Mr. McDUFFIE. We are to consider it under the 5-minute rule.

The SPEAKER. The gentleman did not state it, but if that is what the gentleman asks, the Chair will put it that way.

Mr. McDUFFIE. I think the Chair probably misunderstood me.

The SPEAKER. Perhaps the Chair did. The Chair will put the request once more.

The gentleman from Alabama asks unanimous consent that there be two hours' general debate on Title IX, one-half the time to be controlled by himself and one-half by the gentleman from South Dakota [Mr. WILLIAMSON], with the understanding that that be divided equally amongst those for and against. At the end of that time Title IX will be considered under the rules governing the consideration of this bill.

Is there objection?

Mr. MAPES. Mr. Speaker, reserving the right to object, I still think there is a great deal of confusion as to just what this unanimous-consent request means. The Chair says that Title IX will be considered after the close of the two hours' general debate under the rule governing this bill. I would like to ask the Chair if that means that all debate on separate amendments will be cut off, and that we must vote upon the amendments without debate?

The SPEAKER. Let the Chair state to the gentleman from Michigan and to the Members of the House, if the House resolves itself into the Committee of the Whole House at this moment and the gentleman from Alabama made a motion or some other Member made a motion to strike out Title IX, there would be five minutes' debate on each side, and then the gentleman could move to close debate on that title. That would be the same as the rules provide, under the 5-minute rule. The only thing, as the Chair sees it, is that there will be two hours' general debate on this.

Mr. MAPES. Mr. Speaker, further reserving the right to object, I would like to ask the Speaker to answer my question definitely. Under the Chair's interpretation of the rule, would the Committee of the Whole House on the state of the Union have the privilege of debating separate amendments under the 5-minute rule?

The SPEAKER. Under the 5-minute rule; yes.

Mr. TILSON. Mr. Speaker, is not the essence of the request that we shall have two hours' general debate before beginning amendments?

The SPEAKER. That is all. It does not mean anything else.

Mr. TILSON. As I understand it, that is all it means.

The SPEAKER. Is there objection to the request of the gentleman from Alabama that there be two hours' general debate on Title IX, one-half to be controlled by himself and the other half by the gentleman from South Dakota [Mr. WILLIAMSON], with the understanding that the time be divided for and against?

There was no objection.

Mr. McDUFFIE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 11267, the legislative appropriation bill.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 11267, with Mr. WARREN in the chair.

The Clerk read the title of the bill.

The CHAIRMAN (Mr. WARREN). Under the unanimous-consent agreement just had in the House, the Chair has nothing whatever to do with the allotment of time. The gentleman from Alabama [Mr. McDUFFIE] will be recognized

in control of one hour, and the gentleman from South Dakota [Mr. WILLIAMSON] will be recognized to control one hour.

Mr. McDUFFIE. Mr. Chairman, I yield 30 minutes to the gentleman from North Carolina [Mr. BULWINKLE].

Mr. BULWINKLE. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, it is a little difficult for me to speak on any matter against what might be termed economy. Several weeks ago I spoke in the House, showing what the Federal Government had paid for the soldiers of the World War and also soldiers of all wars. It amounted to almost \$7,000,000,000. I contend that the provisions of Title IX regarding the veterans is not real economy, and that the subject matter of this title was evidently not seriously considered by the committee.

In the committee report this expression was used: "It is a drain upon the country."

Is it possible that Members of this House would think that anything which could be for those disabled men who have suffered on account of the war and who are dying day by day on account of it, would be a drain upon the country?

Mr. DOUGLAS of Arizona. Will the gentleman yield?

Mr. BULWINKLE. I yield.

Mr. DOUGLAS of Arizona. Is there one word in Title IX which affects in any way whatsoever the totally and permanently disabled or totally and temporarily disabled?

Mr. BULWINKLE. Very well. I will get to that in a minute. I am speaking of the report which the committee made, when the committee said this expenditure was a drain upon the country, that expenditure took in all. The gentleman can not get away from that.

Referring to the first section of this bill, what is it made for? What is it presented to the House for? On the one hand, they say it does not affect these service-connected cases which draw compensation. Who, then, does it affect?

Mr. DOUGLAS of Arizona. Will the gentleman yield?

Mr. BULWINKLE. I only have 10 minutes. I can not yield.

It affects only one class of men, and that is the Spanish-American War veteran, because under the present disability allowance law a man can not receive disability allowance who pays a Federal income tax.

It is said that that section alone will affect 28,000 persons, to the amount of \$13,315,000.

Mr. DOUGLAS of Arizona. Will the gentleman yield?

Mr. BULWINKLE. If the gentleman would grant me some more time, I would be glad to yield, but I can not yield now.

However, let me say, if the Veterans' Bureau had gone into each case carefully immediately after and during the years after the war, possibly those men who are drawing disability allowance, if they are to be considered in this connection, would have been drawing compensation for service-connected disabilities. There were many parts of this country where those men, back in the mountains, back away from towns, did not see a single man belonging to the Veterans' Bureau or anybody connected with it; did not know they were entitled to nor how to get compensation or hospitalization. Let us be just about this. I have seen many dying and too much suffering, not only by the men on the fields of battle but I have seen too much suffering in the hospitals in America to permit me to say to these men that the little pittance that the Government has given them because of their disability shay be taken away.

Mr. McDUFFIE. Will the gentleman yield?

Mr. BULWINKLE. The gentleman will have to get me some more time.

Now we get to these veterans in institutions. They say that class includes 9,920 persons and that the saving will be \$5,370,000. How did that section get in there? I will tell you. Back in 1924 General Hines, the Director of the Veterans' Bureau, came before the committee and he himself asked that it be put in there. He did it because it affected these men who were in the hospitals for just a short time, who worried about their financial condition,

and this provision in their behalf relieved them of this worry and improved their condition. I shall move to strike out that section.

Then we come to the emergency officers' retired pay. That affects 3,200 officers and amounts to \$3,386,000, so they say. It is possible that that number should be cut down, but the law was passed by this Congress. They gave to the disabled emergency officers of the United States Army, Navy, and Marine Corps this pay. The Attorney General's decision made more entitled to it than the director thought; but remember this, gentlemen, that every man who is drawing compensation from this Government in any way, shape, or form has been passed upon by Government doctors, not one time but many times.

I think later on the section as to emergency officers should be carefully considered by a committee and possibly some reduction should be made, but I do not think it is just to those men at this time to keep this provision in the bill, and this as to emergency officers is being considered by the Military Affairs Committee at this time.

Then we come to the limitation for retroactive benefits. This amounts to \$3,000,000 and affects 35,000 people, they say. How do they estimate that there are 35,000 people entitled to retroactive pay who have never received compensation or disability allowance? The claims have not been filed. Are they doing it upon a percentage basis? Time after time each and every Member of Congress has found that he had a just and meritorious case, but it took him years to get it through. Is not that true? You knew the man when he came back from service, and yet for some reason or other, or some technicality, the bureau failed to pass favorably upon his claim. Under the present law he gets six months retroactive pay.

I am moving to strike out that section.

Now we come to the insurance suits. They say that because a man has been a soldier, forsooth, because he was permanently and totally disabled, the rules of evidence in the United States courts shall be changed as to him; that anybody else with a complaint or claim can come in under the provisions of the statutes, but this man can not introduce any evidence save that evidence that he filed with the bureau. The bureau, my friends, does not ask him for evidence. I have had experience with a number of these cases. Over a year ago a guardian brought his ward to see me, a man who was discharged totally and permanently insane and continuing so from the date of his discharge from the service, and the bureau never said one word to him about insurance. I suggested to the guardian that he write to the bureau and tell them about this man's condition. He never heard from them. I suggested to him that he get a lawyer and let the lawyer write a letter, and a letter was written, and although that was 14 months ago, yet he has not heard a word from the bureau. They should be fair and just to these men.

If the men have meritorious claims, they stand on the same footing as anyone else, and there is not in this bill a word as to how much can be saved except they say that it may save millions.

The amendment that I shall introduce—I have not the time to run over the other provisions—takes care of section 910. I modify it by providing for the appointment of a committee of seven Members from the Senate and seven Members from the House, to be selected by the President of the Senate and the Speaker of the House. On the House committee, if the Speaker wishes, there could be two members from the Veterans' Committee, two members from the Committee on Pensions, two members from the Committee on Invalid Pensions, and one member from the Appropriations Committee. They should give thorough and careful study to this matter. In addition to that I provide that in their report the committee shall recommend such economies as will lessen the cost to the United States Government of the Veterans' Administration, but they should only do this after careful deliberation, after careful study to insure that these

comrades of many of us will be fairly and justly treated by the Congress of the United States.

[Here the gavel fell.]

Mr. SWING. Mr. Chairman, I absolve the members of the Economy Committee of the responsibility for the language that is found in Title IX. This was not their work. It was written out and brought up and handed to them. I credit them with at least being shocked by some of the things that were proposed and refusing to stand for all of it. The language is apparently drafted for the express purpose of hiding what the real purpose is. In other words, the section usually tells who are going to be left on the pay roll, but leaves in doubt the persons who are going to be cut off. Apparently the committee itself was so uncertain of its work that when it had concluded nine sections it provided that a joint committee should be set up to make a post mortem inquest and determine what this bill really does and what ought to be done with reference to these pension and compensation laws. Well, if there is occasion to have a board of doctors diagnose the patient, then it ought to be done before all his digestive organs are cut and not after the operation.

Mr. McDUFFIE. Will the gentleman yield?

Mr. SWING. Yes.

Mr. McDUFFIE. Does not the gentleman know that the Government has been imposed upon in many instances under the emergency officers' act?

Mr. SWING. Of course, it is possible that there are some such instances. Under any general law affecting a large number there is likely to be some imposition, but I call the attention of the distinguished chairman of this committee to the instruction which courts of justice frequently give to juries that it is better that nine guilty men escape than that one innocent man should be wrongly convicted. So here it is better that some undeserving men get on the pay roll than that one honest veteran injured in the service of his country should go uncompensated.

Mr. McDUFFIE. Will the gentleman permit another interruption?

Mr. SWING. Yes.

Mr. McDUFFIE. Can the gentleman point out in this bill where any man who was injured in line of duty and who is permanently or temporarily disabled is denied anything he should have?

Mr. SWING. Yes. This title repeals the presumptive connection of service origin in certain classes of cases and the man who can not produce two witnesses who know when and where he contracted T. B. is simply out of luck.

On this floor Doctor Kindred, an eminent doctor and then a distinguished Member of this body, said that it would be seven or eight years after the war before all the N. P., mental, and nervous cases would develop, cases where men were shell shocked during the World War, cases where the human body and the human nervous system had been subjected to a greater strain than ever before in all history. The same thing is true of T. B., where lungs were injured by the many kinds of gases used during the war, resulting in subsequent pulmonary disabilities. And that is why Congress gave them this presumptive connection down to January 1, 1925.

Mr. DOUGLAS of Arizona. Will the gentleman yield?

Mr. SWING. Yes.

Mr. DOUGLAS of Arizona. Is there any language in this title which affects a presumptive case in the event that a man has less than the income prescribed or is there any language in this title which affects a presumptive case which is totally and permanently or totally and temporarily disabled?

Mr. SWING. The answer is: There is, in a half a dozen different places.

Mr. DOUGLAS of Arizona. Where? Point it out.

[Here the gavel fell.]

Mr. WILLIAMSON. Mr. Chairman, I yield three minutes to the gentlewoman from Massachusetts [Mrs. ROGERS]. [Applause.]

Mrs. ROGERS. Mr. Chairman, it seems to me this is a most cruel way of economizing. I do not favor the cash payment of the bonus at this time. It is unfair to the veterans as well as to the other taxpayers. It is not fair, however, to enact the provisions of Title IX into law. I feel the committee did not make a thorough study of existing law and conditions, although I know they meant to be fair. But the time was short, and, frankly, it seems as if the savings claimed by the committee in section 1 are just double what, as a matter of fact, would be effected. Apparently the figures used are based upon the percentage of these wage earners who are paying income taxes, and obviously they will not find as relatively high a percentage of disabled men paying income taxes; take total and permanently disabled cases, only a very few of such cases would be found paying income taxes. In these troubled times, also, a man may pay an income tax to-day; next week his income is wiped out. How can this section be fairly adjudicated?

And these are clear injustices in the whole title. Why, for instance, should you penalize a man because he did not get to France? Or if he did get to France, why should he be penalized because he was not engaged in actual defensive or offensive combat with the enemy or because he was not in the zone of active hostilities? You know a good soldier goes where he is sent. Many a man wanted to go to France, but did not get there. The men who went to France are exempted and get all the benefits—

Mr. DOUGLAS of Arizona. Will the gentlewoman yield? That is hardly a fair statement.

Mrs. ROGERS. I would like to yield, but I have only three minutes.

I saw, I suppose, 35,000 men and women in different hospitals this last spring while making an inspection of hospitals where our sick and disabled are cared for. Not a single one of these veterans complained because he or she had served during the war and had made sacrifices for us, and I saw many terribly disabled veterans. Many veterans, as you know, can not secure service connection, perhaps, due to the fact that they were not able to get the evidence from doctors who treated them and who had died without leaving a record of such treatments, and in some instances their service records were destroyed.

You know it is very difficult for the able-bodied to get work at this time. It is almost impossible for the disabled to secure employment. If you are running a business to make it pay, you want your business to be run in the most efficient way possible. You are not going to employ disabled men who can not do a full day's work, especially at this time, if you want to make money. So our disabled have an especial handicap in finding employment. You surely do not want to punish them further. If a man is disabled and needs hospitalization, if he happens to be a neuropsychiatric case, even if he pays an income tax, he very probably can not be cared for in a civil hospital. A survey of State and county hospitals has shown every year, practically, not a vacant bed even for civilian neuropsychiatric cases, and terrible overcrowding, with patients sleeping in corridors in some institutions. There is a long waiting list in most of the States. Private neuropsychiatric hospitals are few and very expensive. So even if our neuropsychiatric veterans pay income taxes, they will find they can not be hospitalized anywhere if they are turned out of our veterans' neuropsychiatric hospitals.

The same is true to a great extent of the T. B. cases. There is a shortage of beds also in many T. B. State and county hospitals. The curve of veterans' T. B. cases is on the up-grade as well as the N. P. cases.

The Veterans' Committee has tried so hard to give the veterans a chance for life and health. And prompt and adequate care means so much in these two types of cases. I beg you not to vote to turn them out into the street. Do as Major BULWINKLE suggests and have a survey made of the whole problem.

Take your emergency officers. Perhaps it may be unfair for some of them to draw their retirement pay and large

salaries, but certainly those who are receiving small salaries should have the benefit of their retirement pay in order that they may save up for the time when they can do nothing. [Applause.] I will extend my remarks later.

[Here the gavel fell.]

Mr. WILLIAMSON. Mr. Chairman, I yield three minutes to the gentleman from California [Mr. CRAIL].

Mr. CRAIL. Mr. Chairman and my colleagues, I take the floor at this time to voice a protest against section 901 of the bill which is now before us. Section 901 contains the necessity or destitution provision, often referred to in veterans' welfare legislation as the pauper's oath clause. The words "pauper's oath" are not used in the bill. It is dressed up and sugar-coated so it does not look so bad and does not taste so bitter. It merely denies compensation, pension, hospitalization, rehabilitation, and insurance benefits, regardless of how their disabilities may have been received, to disabled veterans who are required to file income-tax returns.

The gentleman from Arizona says that section 901 does not deny benefits to any disabled veteran who needs them. That is the very objection to it. It puts the payment of veterans' welfare benefits on the basis of necessity or destitution. It changes the whole legislative policy of the United States in regard to veterans' welfare and makes such payments a matter of charity instead of a matter of compensation for disabilities incurred and services rendered.

I shall vote to strike out the entire Title IX, because I believe it is poorly considered. We have legislative committees who have devoted years to the consideration of veterans' welfare legislation. This proposed legislation did not arise in any such committee. If I am correctly informed, no member of the Veterans' Welfare Committee, or of either of the Pension Committees or of the Military Affairs Committee or of the Naval Affairs Committee was invited to participate in the consideration of this bill. No open hearings were had. If reports are true, the measure, so far as it affects veterans, was handed to the committee by a gentleman who was not a member of the committee and who was not even a Member of Congress; and, with only an ex parte hearing, it was favorably reported by the Committee on Economy with only minor changes. This is not the way to legislate properly.

The so-called pauper's oath provision will save comparatively little to the Government and, in a financial way, it would not greatly affect those war veterans, their widows, and orphans to whom it denies benefits. The ones who would be adversely and most cruelly affected by it are the disabled veterans, their widows and orphans, who actually need these benefits, because the destitution provision would brand them as paupers, beggars, wards of the Government, and objects of charity. If destitution is fixed as the basis of our country's gratitude and generosity to those who fought for it in time of war, then our disabled war veterans will no longer be our Nation's heroes but will be looked upon as our Nation's failures and mendicants.

Such a policy would be especially brutal and unjust to the women and children of disabled war veterans.

The pernicious pauper's oath provision would upset the long-established policy of our Government with regard to disabled veterans' welfare. It should not be done in this improper and ill-considered way. A few years ago a President vetoed the Spanish War veterans' pension bill on the expressed ground that it did not have a necessity provision in it, and Congress promptly overrode the President's veto by a vote of 298 to 14.

At the proper time, if I am recognized by the Chairman for that purpose, I shall introduce an amendment to strike section 901 from this bill.

My colleagues, I plead with you, do not do such a great injustice, such a cruel and inhuman thing to the disabled veterans of our country's wars, their loved ones, their widows, and their orphans. I plead with you to strike from this bill section 901, which contains this iniquitous and so-called pauper's oath provision. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

[Here the gavel fell.]

Mr. BULWINKLE. Mr. Chairman, I yield three minutes to the gentleman from Massachusetts [Mr. CONNERY].

Mr. WILLIAMSON. Mr. Chairman, I yield five additional minutes to the gentleman from Massachusetts.

Mr. CONNERY. Mr. Chairman, I propose to vote for the amendment offered by the gentleman from North Carolina [Mr. BULWINKLE], which is to strike out the title and substitute a provision providing for a committee of seven from the House and seven from the Senate, to report back by December, 1932, after investigating all veterans' legislation, including the veterans of all wars.

I am not one of those who believe that the Veterans' Bureau or that veteran legislation is perfect by any means; but, nevertheless, I do not believe that this is the time, in all this hurry and scurry about economy, to bring in a proposition to cut down the compensation of a disabled man in the interest of economy, when the Economy Committee has so many other things to consider; and before I proceed further, I would like to make this observation:

The gentleman from Arizona [Mr. DOUGLAS], in a conversation with me the other day, said that he figured he was doing a very unpopular thing with the veterans of his State in offering this legislation. I want to say right here that I believe the gentleman from Arizona is absolutely sincere in his desire to bring about economy. I believe he, a veteran himself, is absolutely sincere in this legislation which he has brought in with reference to the veterans, and for one, knowing the standing of the gentleman from Arizona, knowing his high character, his high purpose, I sincerely hope that he will be returned to the Congress and that the veterans in his State will realize that, despite this legislation, he is a real friend of the veterans of the United States. [Applause.]

I am in favor of this investigation of conditions, and I am going to tell you why. Down in the Veterans' Bureau the other day, I was there in reference to a disabled emergency officer case, and when I went before the board I said, "You fellows down here are killing the goose that laid the golden egg; in other words, if a few Senators or a few Congressmen come down here on a disabled emergency officer case you do not care anything about the merits of the case; it goes through. But in the case of some poor devil who has not gone to any Congressman, who has not gone to any Senator, but just comes in on his own, with an absolutely good case, whether he is a disabled emergency officer or an enlisted man, you drag his case along and let it drag, drag, and drag, and then oftentimes you tell him that he is less than 10 per cent disabled." This, of course, does not apply to all boards of the bureau, nor to the great majority of employees of the bureau, but it certainly does apply to a minority, and I want to see these conditions rectified.

I do not believe that this House or this Congress wants any veteran to be forced to go to a Representative or a Senator to get justice under the provisions of the law for veterans. I would like to see a commission of seven Members of the House and seven Members of the Senate appointed, and I hope that they will not all be veterans. I hope it will be equally divided between those who are veterans and those who are not, and let them go into the matter dispassionately in order to investigate the conditions of the Veterans' Bureau. I have referred to changes which should be made, economies which can be made, and then report back to Congress and let us have veterans' legislation to cure injustices such as I have mentioned.

I had a case of an emergency officer who served in the company with me. He was in a platoon of Company B, One hundred and first Infantry. The Germans put up a box barrage on A Company's fourth platoon and killed and captured some men, and this officer came over from B Company with his men to help the fourth platoon of A Company when he was picked up by shell concussion and hurled from the trench. I talked with him a few hours after this occurred. From an able-bodied man of fine physique and

clear mentality, from that moment he has been a changed man, all shot, as the veterans say. He is all worn down, and certainly, to my mind, is at least 75 per cent permanently disabled. That man's case has been going on for two years; he can not get relief, he can not get retired.

It is such conditions as that that I want rectified. But, gentlemen, I do not believe the way to rectify them is to pass any half-baked proposition like this before us to-day that could not be fully considered by the committee.

Mr. McDUFFIE. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. McDUFFIE. The gentleman recognizes that with a bureau as large as the Veterans' Bureau it can not work all the time like a well-oiled piece of machinery. The gentleman from Massachusetts has brought a severe indictment against the Veterans' Bureau.

Mr. CONNERY. I intended to.

Mr. McDUFFIE. Of course, there are cases where they do not have the influence of Senators or Congressmen, and the gentleman is going far afield when he says that cases that are not sponsored by Senators and Representatives can not go through.

Mr. CONNERY. The gentleman is in error. I did not say that only those cases went through. I intended to indict certain employees of the Veterans' Bureau. There are veterans who will not go to the bureau, because they believe that unless they have congressional or other influence they can not get justice. I want these things cleared up. I want to see the veteran get all he is entitled to, no more no less.

I am going to vote for the Bulwinkle proposition and for the committee of investigation. [Applause.]

[Here the gavel fell.]

Mr. WILLIAMSON. Mr. Chairman, I yield three minutes to the gentleman from Illinois [Mr. WILLIAM E. HULL].

Mr. WILLIAM E. HULL. Mr. Chairman, I am taking the position that we ought to strike out the entire Title IX, and for this reason: I do not believe this Government can afford to select men to go to war and then not take care of them after the war is over. I do not believe that you can draw any differential between the man who went across the sea and the man who stayed on this side, because we all know that the man who stayed on this side was disappointed and would have willingly gone to the other side. If he became sick on this side, and became incapacitated so that he could not make a living, then he is entitled to the same consideration as the soldier who went to the other side. They are all soldiers. I take the position that if this Government is going to carry on for all time, it will be necessary for it to protect its soldiers after a war is over. My father went to war, and he received at the start \$8 a month pension, and I regard that as an acknowledgment of the Government to him that he was entitled to just consideration.

Mr. BALDRIGE. Mr. Chairman, will the gentleman yield?

Mr. WILLIAM E. HULL. Yes.

Mr. BALDRIGE. Does the gentleman believe that the man who has an income of \$1,500 a year or more, who breaks his leg to-morrow and becomes temporarily disabled, without any connection with the World War whatsoever, should receive disability allowance?

Mr. BROWNING. He does not get it.

Mr. BALDRIGE. Yes; he does.

Mr. WILLIAM E. HULL. I believe that if a man is worth \$100,000 or \$500,000 and goes to war and is injured, he is entitled to the same benefit as the soldier who does not own a dollar who goes to war and is injured. He goes to war, and why should he be discriminated against simply because he has some money. Everybody in the country who went to war is a soldier, no matter whether he is worth \$100,000 or a dollar. I believe all soldiers should be taken care of, and if our laws are not sufficient, we should make sufficient laws. Why take it out of the soldier who is in need? There is not a Member on this floor of the House who does not know that in his district there are hundreds of them still in need, and

so far as I am concerned, I am going to vote to strike out the whole thing. [Applause.]

Mr. BULWINKLE. Mr. Chairman, I yield five minutes to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Chairman, I call attention to the fact that no member of the Veterans' Committee was consulted about this legislation. We have a committee of 21 members, and, if you will except your humble servant, I think there is not a committee in the House whose membership ranks higher than does the membership of the Committee on World War Veterans' Affairs. I hear the gentleman from New York [Mr. SNELL] say "Ah," which encourages me to stand by my statement and to add to it, if necessary. I say it advisedly.

We were not called on. Not a member of the committee, so far as I know, was ever called in or questioned about this legislation, nor were the representatives of the various service organizations, not a single one of them. This Economy Committee sometimes reminds me of an oriental emperor who was presented with a set of classic English books by the English minister to his country. He immediately called in his royal architect and told him to make him some book shelves. After they were made it was discovered that he had made a mistake. The shelves were too short and the books would not go in them. So the emperor had the architect take the books out and saw the ends off.

That reminds me somewhat of the work that has been done by this committee. If they were going to interfere with veterans' legislation, why did they not call in some member at least who had been on the Veterans' Committee and who was familiar with this legislation? Why is it they put in so little time on the question of salaries in the Veterans' Bureau? The salaried pay roll of the Veterans' Bureau is more than \$43,000,000 a year; at least it was the last time I investigated it. Why take this sort of a step and not go into it in a systematic way and cut down some of the overhead? I know that some of this legislation ought to pass. I am willing to investigate, but I am not willing to subscribe to the doctrine that the few members of the Economy Committee have all of the information, all of the wisdom, and all of the ability in Congress.

Mr. McDUFFIE. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. Yes.

Mr. McDUFFIE. Speaking for the Economy Committee, we regret exceedingly that we overlooked calling on the great genius of the distinguished soldier from Mississippi.

Mr. RANKIN. I do not yield for any more of this mock comedy. I put my record against the record of the gentleman from Alabama. Who ever shot at him for an economic genius; who ever heard of his being a superstatesman? No, Mr. Chairman; any member of the Veterans' Committee knows as much if not more than does the gentleman from Alabama about this particular question.

Mr. DOUGLAS of Arizona. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. Yes.

Mr. DOUGLAS of Arizona. Was the gentleman from Mississippi ever shot at by anybody?

Mr. RANKIN. Not yet. I understand the gentleman from Arizona is responsible for this whole provision.

Mr. DOUGLAS of Arizona. Yes; and the gentleman from Arizona admits it, and is proud of it.

Mr. RANKIN. Why did not the gentleman call in either the members of the Veterans' Committee or the representatives of the various service organizations and get some information on this subject before he undertook to force this bill through the House?

Mr. DOUGLAS of Arizona. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. Yes.

Mr. DOUGLAS of Arizona. If the gentleman will wait for a few minutes, he will be informed in respect to that.

Mr. RANKIN. Why did not the Economy Committee publish some hearings, so that we could read them? Let me tell you something. We have a few men in this House who are trying to arrogate to themselves the prerogative of running

the Congress. They have just about blown up, and this economy bill, I think, is going to put the finishing touch on them. [Applause and laughter.]

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. WILLIAMSON. Mr. Chairman, I yield five minutes to the gentleman from Wisconsin [Mr. SCHAFER].

Mr. SCHAFER. Mr. Chairman, the gentleman from Massachusetts [Mr. CONNERY] called this veterans' title of the economy bill half-baked. I disagree with the gentleman. It is not baked 2.75 per cent, or even one-half of 1 per cent. [Laughter and applause.]

After considering the fruit of the labors of the Economy Committee, particularly with reference to the title under consideration, I know there are many Members of this House who wish that they had joined with me in opposition to creating this fake Economy Committee in the first instance. When the Democratic majority created this Economy Committee you admitted that the regular standing committees of the House of Representatives were incapable of functioning on legislation which was within their jurisdiction. You admitted that those standing committees, controlled by a majority of Democratic Members, were incapable of functioning on these legislative matters. [Applause.]

Now this economy bill is brought in without proper consideration of the Economy Committee of the many problems which it covers. This economy god of the economy peddlers must have blood, and to-day the disabled veterans of the Nation's wars are to be thrown upon the altar as a sacrifice in the name of economy, to save \$48,714,000 for the Treasury. After studying the provisions of this title, you must necessarily reach a conclusion that almost the entire amount of the estimated savings in payments to the veterans will be used in administering the law and reviewing several million claims now on file in the Veterans' Administration. This title with its pauper provision puts a premium on gold bricking and not working, and you say to the man with a service-connected disability, "Work 30 days a year and loaf the balance of the year and your income will not be sufficiently high to prevent you from obtaining compensation benefits."

Another vicious provision of this bill which has not been called to the attention of the Members of the House is that provision in section 902 which reduces compensation and pension rates while in a Government hospital or national home. You claim you want to put the disabled men upon an equality while in hospitals and national homes. What do you do under this section of the bill? You give to single veterans in hospitals and national homes not more than \$20 a month.

Let us take an example of how this section operates. I have in mind one case, a man who was in actual combat service, lying in a hospital in my district. He was shot through the chest. He contracted pleurisy with effusion, which turned into active pulmonary tuberculosis, which is service connected. He is hospitalized in a Government institution; and after this bill becomes law, because he is a single man, while he is remaining in that institution he will only be able to draw \$20 a month compensation. Then when he becomes an arrested case of tuberculosis and is discharged he is thrown out into the cold world and has to fight the battles of the world without having had an opportunity to accumulate a few funds by reason of the reduction of his disability compensation to \$20 a month while hospitalized.

In the same hospital there is a man who, 25 years after the war, if you please, gets flat feet; he becomes obese. He happens to have a fat stomach, in plain street language. He has three fingers cut off by a street car, and he is hospitalized as a member of that institution and he will also receive \$20 a month during hospitalization, the same as the man who was injured in line of duty, to whom I just called attention. That is how section 902 applies.

In the five minutes allotted I can not discuss many of the other objectionable features. I shall vote for the motion of Major BULWINKLE and his substitute. I hope we can have a roll call on this motion to show the members of the Econ-

omy Committee that it is about time for them to resign and the Democratic Party to dissolve said committee. [Applause.]

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. BULWINKLE. Mr. Chairman, I yield three minutes to the gentleman from Tennessee [Mr. BROWNING].

Mr. BROWNING. Mr. Chairman, my feeling over this bill is not directed at the Economy Committee, but with the utmost deference to them, I disagree with the provisions which they have brought in with regard to disabled men.

I feel that the Veterans' Committee and other committees of this House are capable of handling this kind of legislation. It is technical; and if revision is to be made, I think that those who have had experience over a long period of years are in a better position to say what those provisions should be than anyone else.

When we were called upon to vote for this Reconstruction Finance Corporation and other measures calling for heavy outlays from the Treasury, we were not advised that we were to take a portion of that which we provided for sick industries away from sick soldiers.

For instance, there is this situation. Several of us worked for years on the provision about presumptive connections, tuberculosis, and mental patients. Under this provision, if a single man has an income of \$1,500, if he has presumptive connection, he not only can not draw compensation but he can not get the benefit of hospitalization. I think that is wrong. There are not many private institutions in this country where a \$1,500 income could pay a man's expenses for treatment. The presumption was worked out after strong medical opinion that every presumption written into the law was justified. If a man is single and is sent to a hospital and he has no dependents, he is not only cut down to \$20 but it is provided that an uncle or a brother who has great affection for him and who would like to take him home, may take him home; but if he is taken out of that institution while the Veterans' Bureau says he needs hospitalization, he only gets \$20 on the outside.

Mr. DOUGLAS of Arizona. Will the gentleman yield?

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. DOUGLAS of Arizona. That applies only to neuropsychiatric cases.

Mr. BROWNING. It applies to every presumptive case. The gentleman should write the bill over again if that is his construction, because I know something about veterans' legislation from experience on that committee.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. LANKFORD of Virginia. Mr. Chairman, I am going to support the committee if certain amendments are accepted, but I want to call your attention to just one thing that was referred to by the gentleman from Missouri [Mr. DYER] several days ago. In times like these any matter in which millions of men are involved is an expensive proposition. It is an extremely expensive proposition, and you can not be as generous, you can not be as kind to the veterans as you would like to be. In times like these when a veteran has a position at the Veterans' Bureau, for instance, as many of them do, paying \$3,000, \$4,000, \$5,000, or \$6,000, as little as they could do would be to give up this compensation while they are receiving such a salary in a Government position, or any other position.

There are two amendments that I want to call to your attention; and if they are adopted, I am going to support this bill. One of the amendments to which I wish to call your attention is on page 67. The language on page 67 absolutely changes the rules of evidence and makes it impossible for a veteran who has submitted his testimony to the Veterans' Bureau to introduce new evidence before a court. That is entirely contrary to judicial procedure; it takes away rights that other individuals have, and I think it is entirely unfair. I think that provision should be stricken out.

Then on page 70 is another provision I hope you will carefully consider. I am not favoring it although I happen to be

a lawyer myself, but I know many of these veterans are dependent upon the services of lawyers to recover from the Veterans' Bureau. You find from the language on page 70, line 14, that a lawyer can not receive a greater fee than 10 per cent of the amount due. A man may have a policy that has run only a few months, but to recover what is due needs the services of a lawyer. The lawyer can receive but 10 per cent of the amount due. It is not fair to ask any attorney to take a case like that for such small compensation, and they will not give the veteran the necessary aid.

Mr. DOUGLAS of Arizona. Mr. Chairman, will the gentleman yield?

Mr. LANKFORD of Virginia. I yield.

Mr. DOUGLAS of Arizona. Mr. Chairman, one of the functions of the service men's organization is to take care of cases for veterans. It may be that the service organization either can not or will not take them up. They ought to provide the necessary personnel to do it properly.

Mr. LANKFORD of Virginia. A fee of 10 per cent of the first few installments is not enough to enlist their aid. I will offer an amendment in connection with that when the proper time comes.

Mr. Chairman, in conclusion I simply want to say that I do not think this whole economy program has been satisfactory to the House. I do not think it has been satisfactory to the country. I would like to see this Congress go on record as establishing and setting the principle of the 5-day week. Whatever happens to this economy bill, if they adopt that principle and increase the employment of labor in this country, I believe this Congress will have been a success. I sincerely hope that we eventually adopt the 5-day week, which will increase employment rather than reduce it as it will be reduced under this bill.

[Here the gavel fell.]

Mr. BULWINKLE. Mr. Chairman, I yield 3 minutes to the gentleman from Kentucky [Mr. VINSON].

Mr. VINSON of Kentucky. It is my purpose to state my position upon the main features of the McDuffie bill, which is offered as an amendment to the legislative appropriation bill now under discussion. There is no doubt but that the country demands a reduction of governmental expenditures. It is amazing to me that the press and the country place the whole blame on Congress for the extravagance in Government. Since the Budget act of 1922 Congress has cut the Budget estimates—the presidential recommendations—by more than \$500,000,000. The only \$5,000,000,000 Budget we ever had was the time that Mr. Coolidge was talking about economy in paper clips and paper cups. It will only be possible for me to refer to the main items in the bill with my position thereon.

COMPENSATION REDUCTIONS OF FEDERAL EMPLOYEES

There are two plans for reducing salaries. One carried in the bill—the McDuffie plan—with an exemption of \$1,000, and an 11 per cent cut on all amounts in excess of the exemption. This cut is applicable to all officers, including Members of Congress, that do not have constitutional immunity. The term of this pay reduction is one year from July 1, 1932.

Heretofore an amendment was adopted increasing the exemption to \$2,500. I opposed this amendment for the reason that its adoption will take \$55,000,000 out of the bill. I might also add that in the years of my service here, when times were either normal or prosperous, I supported all measures looking toward the increases in salaries, retirement benefits, and the betterment of the wage conditions of Federal employees. It does not make me happy to oppose the higher exemption, but I feel that the exigencies of the occasion justify the larger exemption for a temporary period.

However, there is a second plan that is known as the Hoover furlough plan—some call it the "staggering plan"—which would make a very much larger cut in the salaries of the Federal employees. The same cut in the McDuffie plan is provided for the larger salaries, including Members of Congress. Practically all of the complaints I have received against the salary cut has been in connection with the Hoover furlough plan. Most all of the employees, who be-

come acquainted with the McDuffie plan, are willing to take the cut for the 1-year period, and prefer it very much to the plan of the President.

During the consideration of this measure I supported the McReynolds amendment, which provided for a smaller cut for the small wage earner, with a graduated scale as the salaries grew larger, up to a maximum of 20 per cent for salaries of Members of Congress and those drawing similar amounts. In this connection I might say that the bill carries a reduction in mileage allowance of 25 per cent and stationery allowance of 33 1/3 per cent. These cuts, together with the general salary cut, makes Members of Congress suffer the largest salary reduction under this bill.

Referring to the Hoover plan, I am at a loss to understand how, by the lessening of the time for the employees to work, there could be any effectual saving when substitutes would be used in their places. It is very apparent that there would be several more employees on the roll, but if the substitutes filled in the time when the regular employees were cut off, I do not see how there could be such a material saving as there is claimed.

As stated before, this salary cut reaches every Federal employee—executive, judicial, and legislative, except those protected by the Constitution; and they may, if they choose, voluntarily reduce salaries in conformity herewith.

TRANSFER OF APPROPRIATIONS

Under section 301 power would be given to transfer not to exceed 15 per cent of any appropriation from one department or independent agency to another. I oppose this section on the ground of economy. It ought to be the purpose of Congress to appropriate to meet the needs of any department or any independent agency. The amount should be sufficient to meet their needs. If the appropriation be in excess of the need, it should be turned back into the Treasury. It seems to me that that is the only way economy can be effectuated.

There is a further angle to this, and that is Congress should maintain control over appropriations and not grant its power to the executive branch of the Government for control of the expenditures not used.

VOCATIONAL EDUCATION

Section 303 of the bill was stricken out. It was a pleasure for me to have a part in this action of the committee.

The amount involved per annum is very small indeed from the viewpoint of the Treasury, yet the benefits accruing to the boys and girls of school age throughout the whole country is of real consequence. I can say with assurance I received more protests and objections to the discontinuance of this Federal aid than upon any other subject since I have been in Congress.

WEST POTOMAC PARK HEATING PLANT

This is a saving of \$750,000 in the construction of a heating plant in the District of Columbia.

TRANSPORTATION SERVICES

Here is sought to discontinue the Army Transport Service, the naval transportation service, and Panama Railroad Steamship Line. It was sought to sell the vessels and to discontinue operation of the Panama Railway in the name of economy.

This matter has been before Congress for many years. Extensive hearings have been held before at least two committees of Congress—Interstate and Foreign Commerce Committee and the Committee on Merchant Marine, Radio, and Fisheries. In every instance it is shown positively that the Government would lose money if these services were discontinued. There seems to be an effort upon the part of private interests to bring about the discontinuance of these services so that they may get the business of transporting personnel and matériel for the United States Government. In the first place, I think this is an indispensable adjunct to our defense system, and, secondly, we have no doubt but that real economy will be effected by continuance of the services. According to the best information I can obtain upon this subject, at least \$3,000,000 a year would be saved by continuing the services.

REORGANIZATION OF THE SHIPPING BOARD

We were very glad to effect the saving as proposed in section 314 of the bill in the reorganization of the Shipping Board. The total savings hereunder are approximately \$2,500,000.

INCREASES IN CERTAIN CHARGES AND FEES

Sections 315, 316, and 317 carry increased fees to be charged by the Patent Office.

Section 318 provides for charges to be made for certain statistical, periodical services, and so forth, in the Department of Commerce.

Section 319 provides for certain charges to be rendered by the Bureau of Mines. Section 320 likewise sets up charges for services by the National Bureau of Standards. All told increased revenues from these sections total \$725,000 per year.

REORGANIZATION OF EXECUTIVE DEPARTMENTS

This is a very forward-looking feature in which eliminations, coordination, and consolidation of the executive and administrative branch of the Government is placed in the hands of the President, who will report his action to the Congress for its approval or disapproval.

I feel that it is fundamentally unsound to permit legislation through the failure of Congress to act within 60 calendar days after the Executive order of the Chief Executive is transmitted to it. I feel that Congress should never abdicate its constitutional power in this matter; that Congress should act by affirmation rather than by negation. The hope for correction of this oversight on the part of the committee must await the action of another body.

There should be untold millions saved by the proper action upon this subject with a real purpose to effectuate the savings by the elimination of useless offices, consolidation of many performing the same function, and coordinating the activities of our Government.

PUBLIC WORKS ADMINISTRATION

This is a new governmental activity in which are coordinated the architectural, engineering, surveying, designing, drafting, construction, and purchasing activities relating to public works.

The engineers of the Army and the Navy are to be utilized in the capacities for which they are suited.

SINGLE DEPARTMENT OF NATIONAL DEFENSE

In short, this title would create a new department, with the activities of the Department of War and Department of Navy transferred to it.

In no respects would there be any abolishing of the Army or Navy. There would be one Secretary of National Defense, a member of the President's Cabinet, and three Assistant Secretaries—one for War, one for the Navy, and one for aviation.

My service upon the Military Affairs Committee fully acquaints me with the failure of the Army and Navy to coordinate in their functioning for national defense. In time of war it is said that they get together, but in time of peace the love of power, jealousies, and animosities engender and cause them to diverge. However, during the war the Army and Navy were in competition for the purchase of the same steel. They wrangled over priority of shipment. For many years they have been haggling over the jurisdiction of the defense of a coast line, arguing whether the Air Corps of the Army or the Navy had the duty of coastal defense.

Theoretically we have a single head of the national defense in the President of the United States, but his duties are so multitudinous that he can not give it the personal attention, and with men of equal rank in his Cabinet, the national policy is not determined when these departments become involved. In fact, we see a very vivid picture of this inability to get together in the quarrel between the United States Military and United States Naval Academies. We have no football game between these governmental institutions because of this condition.

We are inclined to believe the report of the committee that fifty million to one hundred million dollars per annum could be saved by the merger of these two departments in

the lessening of administrative expenses and saving in purchases.

We are also constrained to believe that there would be a material increase in the efficiency of the national defense service if there was a single driver at the wheel.

This section was stricken in the Committee of the Whole—to our surprise. This is permanent legislation—that is, it would be a permanent annual saving of fifty to one hundred million dollars—but we see the desires of President Hoover effectuated through his political emissary, his private secretary, Hon. Walter Newton, former Member of this body, who was on the floor of the House during the consideration of this item in conversation with many of its Members. Our Republican friends voted almost en bloc to strike the splendid economy from the bill.

VETERANS' PROVISIONS

Mr. Chairman, in addressing my remarks to veterans' legislation in the bill, I would say that I do it without heat and without feeling toward the members of the committee who have presented this amendment. Theirs has been a very arduous task, and I have been glad to follow them in every effort to save money for the Treasury up to this point.

There are many reasons why I can not subscribe to their advocacy of Title IX, which deals with veterans' legislation. It is an admitted fact that the consideration of this veterans' legislation was an ex parte proceeding. The members of the committee called in the Director of the Veterans' Administration, Gen. Frank T. Hines, and what happened in their collaboration with him does not appear in any printed hearing. My information upon these points was procured from the gentleman from Arizona [Mr. DOUGLAS]. If I wanted to be harsh, I might say that these proceedings were in the nature of star chamber session.

Certainly veterans' legislation, or legislation of any character, ought not to be brought to the House under such circumstances. It is an American principle that a party in interest should have his day in court. The veterans did not have theirs in this proceeding. There was no opportunity to question even General Hines with reference to the meaning of certain well-chosen language affecting the veteran group.

Incidentally I was informed that several of the most important sections under this title had been rejected by the committee in calmer moments, but being brought up near midnight in the last session of the committee, when, perhaps, they were tired and worn to a "frazzle," they were written into the bill.

The gentleman from Wisconsin [Mr. SCHAFER] referred to the provision of this title as being a "half-baked proposition." Mr. Chairman, that notion, in my judgment, is far from accurate. I have had several years of close scrutiny of veterans' legislation, their construction and interpretation by the Veterans' Bureau and the Veterans' Administration. And I say to you that the choice of language used in the title is that which is best calculated to put into effect the theories and the purposes of General Hines and the administration with reference to veterans' legislation. There are numbers of clauses and phrases contained in this title which have been interpreted and construed only as the Veterans' Administration and the Comptroller General can construe. The language used is legislatively technical. It has meanings all its own. I pause to inquire whether or not the language in Title IX did not come from the experts in the Veterans' Administration?

Mr. DOUGLAS of Arizona. The gentleman asks about the language in Title IX?

Mr. VINSON of Kentucky. Yes.

Mr. DOUGLAS of Arizona. Not entirely by any manner of means.

Mr. VINSON of Kentucky. What about section 901?

Mr. DOUGLAS of Arizona. Section 901 was very considerably liberalized as a result of certain activities in which I myself engaged.

Mr. VINSON of Kentucky. I wonder what its condition was before this liberalization. Gentlemen of the committee, this section 901 and the other sections in Title IX of this bill are the written embodiments of the theory and philosophy

which the gentleman who heads the Veterans' Administration, and the Presidents of the United States under whom he serves, have endeavored for several years next last past to cause to be written into law by the Congress of the United States. Again and again have the views been presented to the proper committee of Congress, but not until this special committee, without public hearings and all which that implies, brought this language to the attention of the House could it get so close to enactment into law.

Might I remind the gentlemen and leaders of this body that World War veterans' legislation has been under construction in Congress for a period of more than 13 years. The structure has been erected under the protests and veto of gentlemen who opposed it every step of the way. Now, in one stroke, they would destroy the structure.

The gentleman says that certain groups of veterans are excluded from the operation of section 901; that certain groups of veterans are excluded from the operation of the "need" clause, or as some would say "the pauper's clause." My friend, there is a principle of law that is particularly applicable to legislative construction, and that is when there are exceptions specifically set forth, all those not therein named are included in the provision of the bill.

If Congress desires to inaugurate the principle of financial worth before pension, compensation, disability allowance, or retirement pay be received, that policy should be adopted after orderly procedure with public hearings. I am unable to believe that this Government will depart upon a policy that if a single man makes \$1,500 per year he can not receive governmental aid for compensable injuries. My friends, it might be that if such injuries had not been received in service to country the veteran would have been able to make several times that amount per annum.

I am inclined to the notion that the gentlemen who have opposed disabilities that are connected with the service within the presumptive period are endeavoring to change the congressional policy in respect of such disabilities. It is well known that General Hines opposed the arrested-tubercular amendment, and anyone who has had contact with the bureau in the administration of the tubercular act knows that there are hundreds of cases—probably running into the thousands—of veterans who have been adjudged by the bureau to be afflicted with active tuberculosis in years gone by who now, under regulations of to-day, are said never to have had active tuberculosis in the meaning of the law.

I have no apology to make for my defense of the presumptive diseases. Congress recognized that it was impossible for one to know when the tubercular bacilli touched the body of the veteran. No living man could tell when the strain of the war days caused something to snap in the nervous and mental system of the veteran that made the veteran mentally unwell. The N. P. cases—the neuropsychiatric cases—are progressive in their development.

It would be impossible in thousands of cases, tubercular in nature, and thousands of cases with nervous systems disturbed and mentality impaired, to trace that disability to service prior to the discharge of the soldier. And yet all of us who come in contact with cases of this kind know that they are just as much war casualties as men who suffer a patent physical disability.

It is a pleasure for me to support the Bulwinkle amendment, which strikes title 9 and then substitutes the section calling for a joint committee to make investigations of the operation of the laws and regulations relating to all veterans, with a view toward determining a national policy with respect to them. I trust that this motion of the distinguished veteran from North Carolina [Mr. BULWINKLE] will prevail.

I can not believe that this House will place their approval upon legislation such as is contained in title 9—legislation that comes with good intention upon the part of many gentlemen of this committee, but proposed legislation nevertheless that has not been considered in accordance with the rules and procedure of this great parliamentary body. This is permanent legislation, changing the repeated

announced policy of Congress without opportunity of any veteran or any organization of veterans or any Member of this body other than members of the special committee to inquire into the meanings of the splendidly chiseled phrases contained therein and its effect upon the disabled soldiery of the World War.

Mr. WILLIAMSON. Mr. Chairman, I yield five minutes to the gentleman from Nebraska [Mr. SIMMONS].

Mr. SIMMONS. Mr. Chairman, the country is not interested in quarrels that may be on in this House between the jurisdiction of various committees. The committee of which I am a member has had some of its jurisdiction taken from it. The Committee on Veterans' Legislation has had some of its jurisdiction taken from it. Practically every standing committee of this House has had its jurisdiction either directly or indirectly affected by the Economy Committee that the House set up. The thing in which the country is interested is not disputes of that character that may be going on here, but the country is interested in this Congress doing something looking toward concrete savings of money to the Treasury at once. [Applause.]

As I have listened to the debate on this bill for almost two weeks I have come to the conclusion that there are Members of this House who feel that when they go back to their constituency they can say, "I am for economy up to that point where it keeps money in the Treasury and then I am against it."

We have listened to the debate on this veterans' matter, where Members have found different excuses whereby they hope to go back and attempt to justify to their people their position in opposition to these savings. The country is not going to be concerned when we go back next summer with any rabble-raising appeal that may be registered against the Veterans' Administration in the handling of specific cases. The great mass of the veterans of this country know that the Veterans' Administration has been generous in its interpretation of laws and in the treatment of cases.

There is not a Member of this House but knows of cases where in all probability men have been given compensation that under the law it was very, very doubtful if they were entitled to it. So let us not confuse this issue by appealing to those people who may be opposed to the Veterans' Administration, by appealing to those who may be opposed to this particular method of procedure, and by appealing to those who may say, "We do not like the paupers' clause in this bill," when every man knows there is no paupers' clause in this bill. This should no more be called a paupers' clause than the clause granting exemptions in income taxes should be called a paupers' clause.

This proposal corrects inequalities. It removes, in large part, the damnable injustices the Congress has foisted upon the Veterans' Administration and the veterans' cause, and that is the emergency officers' law.

I say to the Members of this House who voted for that law—doing it at the behest of veterans' organizations—that in my judgment that law has done more to bring on this situation than everything else combined, because of the inequalities and the outrageous payments that have been made under it.

I want to talk to you as one who believes in veterans' legislation and in the fair treatment of veterans. Unless the men who are friendly to the veterans stop their constant demands for more money from the Treasury, there is going to be a reaction in the country against veterans' legislation that will make the thing that the Economy Committee proposed to do here look like a peanut stand.

We can not go on forever in demanding continued and enlarged payments out of the Federal Treasury in the name of veterans without justification and without end. [Applause.] It has followed every war, beginning with the Revolutionary War and following all the rest of them. The country has finally revolted against the veterans' insistent demand that the Treasury be opened. The backwash of that thing affects the veterans far worse than anything else does.

[Here the gavel fell.]

Mr. WILLIAMSON. Mr. Chairman, I yield the gentleman three additional minutes.

Mr. SIMMONS. I appeal to the membership of the House to take this measure and study it in all fairness. There are certain parts of this proposal that I personally do not like. Had I been a member of the committee, there are certain things concerning veterans which probably I would have refused to report. However, they are matters of detail. The fundamental thing involved in this is the question of calling a halt and removing a part of the unjustifiable legislative provisions which the Congress has enacted at times for the veterans, removing in part some of the unjustifiable interpretations that have been put on acts of Congress, and bringing veterans' legislation back somewhere more nearly to what, in all conscience and good faith, all of us can defend.

I know how easy it is going to be for men to go home and say to their veterans, "Yes; I voted against that," and I know how easy it is going to be in this country for the time to come when men will be candidates for office and appeal for votes against those who have stood for veterans' legislation and appeal against the veterans and the veterans' cause.

When that time comes there will be need for the friends of the veterans to take heed lest we have all of the important things we have enacted over a series of years swept away. That is the greatest legislative danger the veterans now face.

I am appealing now to the membership of the House as one who during these last 10 years has voted for a number of veterans' proposals. I fought against some of them. I have been bitterly criticized here and condemned elsewhere for that which I have done, but I think the record justifies the course I have followed.

The veterans are entitled to fair treatment from the Government, and the veterans will get fair treatment from the Government if every bit of this proposal is put into law; but it will remove those things that irritate, arouse, and prejudice a community against the veterans.

I understand there are those in the House who hope to vote to eliminate all of this title except that clause which sets up a joint committee of the House and the Senate to study veterans' legislation. Mr. Chairman, that is one of the things with which I am largely in disagreement with the committee. In my judgment that proposal of the Economy Committee, to use a slang expression, is pure boloney. There is not a Member of the House but knows that under the parliamentary procedure a joint committee set up in the House and the Senate now will not begin to function until after the election, and they will report the 1st of February. If we can not in these times of stress put through a reasonable reduction in veterans' expenditures, this House will not pass any recommendation which that committee may report next February.

[Here the gavel fell.]

Mr. WILLIAMSON. Mr. Chairman, I yield the gentleman one additional minute.

Mr. SIMMONS. Then every Member who knows anything about the Senate of the United States knows that no matter what this House would do in February of next year with veterans' proposals coming from such a joint committee, that any one Senator can block the passage of that sort of a bill in that one month.

So you will get nothing. You will throw a bunch of sop out to your people. The American people have knowledge enough of Congress to know that that is all it will be.

While there are some of these things that in detail I do not like, if we are going to remove any of the discriminations, any of the unjustifiable provisions in veterans' legislation, we are going to have to do it in this bill now as provided by this Economy Committee report or this Congress will do nothing with it and we will save no money. In my judgment the overwhelming mass of thinking veterans of the country will support the Congress in removing these provisions and in supporting the Economy Committee's proposal. [Applause.]

Mr. BULWINKLE. Mr. Chairman, I yield two minutes to the gentleman from Georgia [Mr. PARKER.]

Mr. PARKER of Georgia. Mr. Chairman, I consider it a privilege to raise my voice for two minutes in the interest of my former comrades in arms.

I have previously announced that I can not vote for a direct appropriation at this time to pay the balance due on adjusted-service certificates, and I want to announce now just as vehemently that I shall not vote to take from veterans the benefits that they now have under existing laws. [Applause.]

I am going to vote for the Bulwinkle amendment to strike this title from the bill, and that is just half of it. If this title remains in the bill, I am going to vote against the bill on its final passage.

I am also in favor of the Bulwinkle recommendation that a congressional committee be appointed to investigate and to make recommendations with reference to amending and rewriting all our laws with reference to veterans. The provisions of the Bulwinkle amendment require, if I understand them correctly, that this congressional committee of seven Senators and seven Congressmen shall report its findings and the result of its investigations to the Congress on the first Monday in December next. If this is done, the Congress will have three months to consider these recommendations and to pass laws or amend laws that have already been passed that will take care of our veterans. It is not fair to repeal in two hours the laws that the American Legion and other organizations of veterans have labored diligently for 13 years to have created and placed on the statute books. [Applause.]

Mr. WILLIAMSON. Mr. Chairman, I yield 20 minutes to the gentleman from South Dakota [Mr. JOHNSON].

Mr. JOHNSON of South Dakota. Mr. Chairman, I ask unanimous consent to extend my remarks by inserting the provisions of the report made on the bill under discussion in connection with my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. JOHNSON of South Dakota. Mr. Chairman, a great many times during the last decade or since the World War I have addressed this House on the matter of legislation affecting veterans and their dependents, and the thought occurred to me as I was sitting here before making these few remarks that this could easily be the last time I would ever discuss this sort of legislation before the House, because I am voluntarily leaving, and I want to pay a rather high tribute to some of the men who have worked with me on this legislation.

I have no personal feeling in any matter of legislation. It is ridiculous that any individual should have it. I have listened to the gentleman from North Carolina, Major BULWINKLE; the gentleman from Massachusetts, Mr. CONNERY; the gentleman from Tennessee, Mr. BROWNING, men with wonderful service records, who have worked on the Veterans' Committee with me for years in the past, but most of whom have voluntarily left the committee for some reason or other. We can not all agree on any matter of legislation, and I can not always agree with them. I would want to call their attention to what I think would be unintentional inaccuracies in their statements, and I do this that the record may be kept straight in my last remarks on this sort of a bill.

There is no man, whether he comes from the mountains of North Carolina or any other place, who can not file his claim with the Veterans' Bureau to-day and secure his service connection if he has a service connection, and this through a bill which bears my name.

I can not agree with my distinguished colleague from Massachusetts that the Veterans' Bureau is entirely bad. There are just the same sort of folks there that there are in this House. Most of those attorneys and most of those doctors are the same sort of individuals that we are, and they have done a pretty good job of it by and large in carrying out the laws that have been enacted by the Congress. I

think of Larry Lawler, of Massachusetts, when I see my distinguished friend from Massachusetts attacking the bureau. He is one of the great lawyers, and others of you who have people from your own States in the bureau, and most of you have, ought to recall the fact that they are a pretty decent set of people trying to do the best they can for their Government. They are like every other department of the Government. I am not here to defend the Veterans' Bureau or any other bureau, but when the gentleman from Mississippi [Mr. RANKIN] says there is a pay roll of \$43,000,000 I can not help but call to his attention the fact that nearly all of that pay roll is paid to the doctors, the nurses, the orderlies, and other of the people in the hospitals where you have 30,000 patients to-day. It is not a personnel pay roll, it is a hospital pay roll voted by the Congress, and this is not the sort of argument that ought to be brought here to prejudice this case.

Mr. DOUGLAS of Arizona. Will the gentleman yield?

Mr. JOHNSON of South Dakota. Yes.

Mr. DOUGLAS of Arizona. The gentleman stated there are 30,000 in the hospitals. The gentleman would not mind a correction?

Mr. JOHNSON of South Dakota. Never.

Mr. DOUGLAS of Arizona. There are 43,949.

Mr. JOHNSON of South Dakota. That shows how much it has grown.

Mr. DOUGLAS of Arizona. That is the total annual load.

Mr. JOHNSON of South Dakota. It happens that this year we have had practically no meetings of the Veterans' Committee, in spite of the protests made in the past, and I have not kept up with the figures.

In these remarks I will at this point insert the veterans' provisions of report No. 1126 of H. R. 11597, and I want to call attention to them. There is not one provision in the Economy Committee measures that ought not to be enacted into law, and fairly and justifiably so.

TITLE IX

PROVISIONS APPLICABLE TO VETERANS

The following was submitted by the Veterans' Administration, and incorporated in this report.

The subject of benefits provided for veterans of all wars and military expeditions has been investigated by your committee, and it has been found that as of March 31, 1932, the disbursement for all purposes, including loans made to veterans of the World War secured by their adjusted-compensation certificates, approximated \$16,512,000,000. It has also been estimated that these disbursements as of the close of the fiscal year 1942 will approximate \$28,389,599,000, which increase would indicate an average disbursement of \$1,200,000,000 yearly during the next 10 years.

The following itemization indicates the approximated disbursements as of March 31, 1932, for direct monetary benefits paid to the veteran or his dependents, subdivided by wars:

War of the Revolution	\$70,000,000
War of 1812	46,569,000
War with Mexico	60,525,000
Indian wars	52,871,000
Civil War	7,585,201,000
War with Spain	661,646,000
Regular establishments	102,160,000
World War	5,390,039,000

The disbursements shown under the caption of World War do not include \$953,942,000 paid from premiums on insurance and allotments made by veterans, but do include loans outstanding secured by adjusted-service certificates.

In view of the amounts included and the inequalities noted in the laws regulating the benefits of the several wars, your committee felt that the following amendments explained herein should be immediately adopted and a joint committee of the Senate and House of Representatives should be appointed to go further into the question of veterans' relief and report back to the next Congress a definite national program, having in mind as far as possible equal treatment to all veterans and their dependents consistent with the financial ability of the Government to bear the expense.

Section 901 of the bill, subject to certain exceptions enumerated below, prohibits the payment or granting of allowance, compensation, retired pay under the emergency officers' retirement act of May 24, 1923, pension, hospitalization, or domiciliary care administered by the Veterans' Administration to any person whose net income, as defined by the Administrator of Veterans' Affairs, is \$1,500 or more if single or \$3,500 or more if married, with \$400 additional for each dependent, for the year preceding the date of enactment of this act or the filing of application for benefits, whichever is later. This section also provides that annually a person must show to the satisfaction of the administrator that his net income was below the amount specified in order to be

entitled to continue to receive benefits which may have been awarded. Further, it is provided that if a person's income status changes during the year upon submission of proof showing reduction of income below the specified figures when prorated monthly the administrator may as of the date of administrative determination allow such benefits as may otherwise be authorized. In determining income, however, receipt of Government insurance, allowance, compensation, retired pay, or pension will not be considered.

The persons who are exempted from the above explained provisions and who will receive benefits notwithstanding the language of this section are as follows:

1. Those persons who have attained the age of 65 years.
2. Those persons who served in the active military or naval forces and actually suffered an injury or contracted a disease in line of duty as a result of and directly attributable to such service. To come within this exception the veteran must show some causative factor such as an injury or extreme exposure arising out of and in the course of the performance of his duty and directly resulting from such performance of duty.
3. Those persons who are temporarily totally disabled or permanently and totally disabled as a result of disease or injury acquired in or aggravated by active military or naval service. To come within this exemption the veteran need only show entitlement to service connection for his disability under the general law as governing payment of compensation or pension and be actually totally disabled.
4. All widows and dependents entitled to compensation or pension on account of the death of any person who served in the active military or naval service.
5. Those persons who were actually engaged in combat with the enemy, who served in a zone of hostilities or who were actually under fire.

Realizing that this section is a departure from the general policy of the Government in dealing with veterans and their dependents which has heretofore been in existence, your committee very carefully studied the question of whether such a provision as this should be adopted. It is not felt, however, that one who did not come within one of the exceptions and whose income is above the amount specified in the section is in need of any assistance from the Government. Also having in mind the tremendous drain on the Treasury, resulting from expenditures on behalf of veterans, which has amounted up to the present time to approximately \$15,000,000,000 and which will continue to require annually in the future appropriations of approximately \$1,000,000,000 or more, and the additional needs, which undoubtedly will be presented on behalf of veterans and their dependents in the future increasing these expenditures, it was felt only fair that any person whose income was equal to or above the amount specified should be excluded from benefits.

It is estimated that this section will result in the removal from the rolls of some 28,300 persons; and while this number may seem somewhat high when it is considered that there are over a million persons receiving benefits, it will be seen that the effect on the total number of persons receiving benefits is slight. The savings estimated as the result of enactment of this section will be approximately \$13,315,000 annually.

Section 902 of the bill amends section 202, subdivision 7, of the World War veterans' act, 1924, as amended, the pension statutes, the laws governing the granting of domiciliary care by the Veterans' Administration and the emergency officers' retirement act of May 24, 1928, so as to provide that as of the first day of the third calendar month following the date of this act any single person in a United States soldiers' home, National or State soldiers' home, St. Elizabeths Hospital, or Veterans' Administration hospital, or who is maintained in an institution by the Veterans' Administration for a period of 30 days or more, the compensation, pension, allowance, or retired pay of the emergency officers' retirement act of May 24, 1928, shall not exceed \$20 per month so long as he shall thereafter continue in the institution. If the person has a wife, child or children, or dependent parent or parents otherwise eligible, the \$20 per month is allowed to the veteran while in the institution and the difference between the \$20 and the amount the veteran would otherwise be entitled to, were it not for the adoption of this amendment, will be paid to the wife, child or children, or dependent parent or parents, in accordance with regulations to be prescribed by the administrator. It will thus be seen that the veteran with dependents will not be adversely affected by this amendment, but in so far as he personally is concerned he will only receive the amount provided for every veteran in these institutions, namely, \$20 per month, and the remainder of his compensation, pension, allowance, or retired pay, if any, will be paid to his dependents.

This section also extends the provisions of the World War veterans' act, 1924, as amended, which permits the administrator, in his discretion, to pay compensation due an incompetent veteran, to the chief officer of an institution, to pensions, allowance, and retirement pay under the emergency officers' retirement act of May 24, 1928. It also extends the provisions of the World War veterans' act, 1924, as amended, which prohibits payment of compensation to the estate of any mentally incompetent veteran without dependents, who is in an institution, to \$3,000, to pensions allowance and retirement pay under the emergency officers' retirement act of May 24, 1928. Provision is made that in the event the veteran recovers and is discharged from the institution, payment will be made to him of any amount held in trust for the

veteran by the United States or any chief officer of an institution. This provision modifies the existing provision of the World War veterans' act, 1924, as amended, and extends the modified provision to pensions allowance and retirement pay under the emergency officers' retirement act of May 24, 1928, so that there will not be paid to the veteran in the event of his recovery, the difference between the reduced rate and the rate which would otherwise be payable if the reduction was not effective, but provides that only so much money as is in the hands of either the chief officer of an institution or in the Treasury of the United States shall be paid.

The section further amends existing law so that where a mentally incompetent person without dependents requires institutional care, and his guardian or other person charged with his custody refuses to accept or permit the continuance of the institutional care offered or approved by the administrator, the \$20 rate will apply so long as the need continues, except that approved treatment in a recognized private institution may be made the basis for a waiver of reduction by the administrator.

Your committee, after studying this matter, feels that this section is necessary in order to equalize payments to veterans maintained by the Government in hospitals and homes, as well as to avoid the doubling of benefits. At the present time, if a Civil War veteran is admitted to a national home, his pension is reduced by \$25; if a Spanish-American War veteran is admitted to a national home, his pension is reduced to \$50; if a World War veteran is admitted to a national home, there is no reduction in compensation or disability allowance. If either of the first two groups is admitted to a Veterans' Administration hospital as a patient under the World War veterans' act, 1924, as amended, no change in rate is effected. If a World War veteran is admitted to a hospital under this latter act, for treatment of a service-connected disability, his compensation is automatically increased to \$80 per month. This is an outstanding example of some of the existing inequalities in laws conferring veterans' relief, and results in dissatisfaction as between the different groups of veterans, and in certain instances makes it attractive for the veteran to remain in the hospital or home, although he may be well able to leave. If a man is receiving room, board, and hospital or home treatment from the Government without cost, he should not expect to receive the same amount of monetary benefits as his brother ex-service man who is not receiving such benefits. It should especially be noted that this section does not reduce the amount of compensation payable if the veteran has a wife, child, or children, or dependent parent or parents.

The provision with reference to payment of monetary benefits to incompetent veterans, to chief officers of institutions, is to permit of the payment of pension allowance or retirement pay under the emergency officers' retirement act of May 24, 1928, to chief officers of Veterans' Administration institutions, as is now done in connection with compensation, so as to avoid the necessity for the appointment of a guardian where such guardians are otherwise not required.

The \$3,000 limitation on estates of veterans without dependents is to prohibit the building of large estates, which would, upon the death of the veteran, either be distributed to distant relatives who have no right to expect any particular relief from the Federal Government, or would escheat to the States of which the veterans were residents. Such a provision was placed in the World War veterans' act July 3, 1930, when it was pointed out that estates of such veterans amounted to as high as \$15,000 and \$18,000. Your committee felt that this provision now in the law pertaining to compensation should be extended to these other benefits. The amendment which provides for the reduction to \$20 a month where a mentally incompetent veteran without dependents requires institutional care and his guardian or other person in charge of his custody refuses to accept or permit the continuance of the institutional care offered or approved, was necessary because it has been found by experience that many guardians were removing their wards from Government institutions in order to avoid the reduction in rate, even though such move might be detrimental to the best interest of the ward. Exception is made in those cases where the veteran is maintained in a recognized reputable private institution with the approval of the administrator.

It is estimated that this section will affect 9,920 persons, at a saving of approximately \$5,370,000.

Section 903: This section of the bill provides that payment of retirement pay under the emergency officers' retirement act of May 24, 1928, will not be authorized unless the person (a) served as a member of the Military or Naval Establishment between April 6, 1917, and November 11, 1918, and actually contracted a disease or suffered an injury in line of duty as a result of and directly attributable to such service between April 6, 1917, and November 11, 1918, or (b) served a period of 90 days or more between April 6, 1917, and November 11, 1918, and actually contracted a disease or suffered an injury in line of duty as a result and directly attributable to service subsequent to November 11, 1918, and prior to July 3, 1921.

The language used is intended to permit the establishment of aggravation where such aggravation directly results from a causative factor as above indicated and where the percentage of disability due to aggravation is 30 per cent or more. Under this section those cases will be excluded where the disease or injury did not result from a causative factor arising out of and in the course of active military or naval duty within the periods specified. Also there will be excluded under this amendment the cases of

those officers who have relied for service connection under the World War veterans' act, 1924, as amended, on the presumption of soundness or presumption of service connection contained in the first and second provisos of section 200 of that act, or the regulations issued by the United States Veterans' Bureau or the Veterans' Administration in accordance with such act which deem that certain chronic constitutional or analogous diseases existing within a year of discharge are service connected.

It is further provided that the Administrator of Veterans' Affairs shall review all claims heretofore filed under the emergency officers' retirement act of May 24, 1928, and remove or transfer from the rolls of retired emergency officers the names of those officers who are not found to be entitled under the provisions of this amendment. The payment of retired pay in the case of any officer whose name is removed from the rolls or transferred will cease on and after the first day of the third calendar month following the month during which certification or transfer is made, as the case may be. The name of each officer removed from the rolls of those entitled to emergency officers' retirement pay will be transferred to the compensation rolls of the Veterans' Administration notwithstanding that no previous application for compensation has been made if, under existing law, at time of removal or transfer, they are otherwise entitled to benefits.

This review of claims will be final except for one reconsideration and no rerating or review will thereafter be authorized in such claims, and after the expiration of one year following the enactment of this bill, no review, appeal, or consideration will be authorized in connection with any claim for emergency officers' retirement upon which a decision has at any time been rendered by the administration. The purpose of this amendment is to fix an ending date for the adjudication of this class of claims.

When the act of May 24, 1928, was enacted into law, your committee believed that it was generally understood that the class of officers to be affected were those who had actually incurred their disabilities in line of duty as the result of some causative factor arising out of and in the course of the performance of duty in the active military or naval service. In the light of certain rulings by the Attorney General, however, several thousands of ex-officers have been paid emergency officers' retirement pay, although they have had to rely for service connection for their disabilities on certain liberal presumptions provided for compensation purposes in the World War veterans' act, 1924, as amended. As a matter of fact, it is known that many of these officers either had their disabilities when they entered the service or acquired them subsequently, but, under the conclusive presumption provisions of the law, they are presumed to have acquired them in the service. Further, there are many officers who acquired their disabilities as result of disease which arose in point of time with service, but which disease was not in any way brought on by any military or naval duty which they performed. This amendment will restrict the eligibility within reasonable limitations and at the same time is believed to be sufficiently liberal to protect the rights of those men whose disabilities are directly the result of the performance of duty in the active military or naval service.

Your committee placed a time limitation on adjudications under the emergency officers' retirement act for the reason that it is believed that any officer who has a valid claim should at least be able to secure his evidence and present same to the administration in time for final action to be taken within one year from date of passage of this amendment. It must be understood that these benefits are large in amounts and as they are payable from date of application, as time goes on the amounts will increase to proportions which will make them sufficiently attractive to possibly result in frauds on the Government. It is not intended to in any way reflect on any emergency officer individually or on the emergency officers as a class by this statement, but it must be realized that benefits which amount to ten, fifteen, or twenty thousands of dollars in retroactive payments certainly might attract unscrupulous persons in an effort to prove eligibility.

No person will be entitled to benefits under this act except he shall have made valid application under the provisions of the emergency officers' retirement act of May 24, 1928.

It is estimated that this section will result in the removal from the rolls of some 3,200 officers retired with pay. The savings which will result after deducting the amount of disability compensation which such officers may be entitled to in lieu of the retirement pay will be approximately \$3,386,000 annually.

Section 904: This section of the bill amends section 203 of the World War veterans' act, 1924, as amended, by striking from the third sentence thereof the following language, "and also a per diem allowance of \$2.65 per day for the period of travel and observation."

Under the present law World War veterans who report for examination in connection with claims for compensation or observation are allowed \$2.65 per day in addition to their travel and other expenses as reimbursement for loss of wages. No such provision is made for veterans of other wars or for veterans of the World War in connection with claims for disability allowance. As a result of the adoption of this amendment, the \$2.65 per day allowance will be discontinued.

Your committee believed that this allowance offers little relief in individual cases, and yet in the aggregate amounts to considerable. It is believed also that with the widespread agencies of the Veterans' Administration for medical examinations, the time now consumed has been reduced to a minimum and that there should not be any material loss of wages as a result of reporting for examination. As a matter of fact, it is understood in many cases men are permitted to report for examination by their em-

ployers without any loss of wages. Further, your committee felt that if this benefit for World War veterans was continued, veterans of other wars would demand equal treatment. It has also been ascertained that many World War veterans have been applying for such benefits in order to get the \$2.65 per day, and then after reporting at the regional office or hospital for examination have filled out an application for disability allowance, thus gaining a benefit which was never intended for that class of veterans.

As above stated, in view of the slight relief afforded by this provision of law and the fact that in the aggregate it now costs considerable, and if extended to all veterans would run into several millions of dollars annually, the committee felt the amendment should be adopted.

It is estimated that this section will affect 31,000 persons at a saving of approximately \$300,000. However, the potential possibility of the extension of this benefit by additional amendments to the law or the subterfuge above referred to undoubtedly will avoid tremendous additional payments which would otherwise be required.

Section 905: This section amends section 205 of the World War veterans' act, 1924, as amended, so as to prohibit awards or increased allowance, compensation, or pension resulting from review for a period of six months prior to the date of administrative determination, except in the cases of those persons who actually suffered an injury or contracted a disease in line of duty, and as the result of and directly attributable to combat with the enemy during war service in the active military or naval forces. The limitation will apply in those cases where the Veterans' Administration on its own motion makes the review, or where after the time limit for appeal has expired the veteran applies for review of his claim.

Your committee, after careful consideration of data presented relative to the great number of retroactive awards of benefits in large amounts to veterans of the World War and other wars, came to the conclusion that the expenditures resulting from such awards were out of all proportion to the needs of disabled veterans. It is fully realized that as a result of the enactment of this amendment certain veterans will not receive benefits to which they have been entitled over a long period of time. However, your committee felt that the element of judgment which enters into determining the degree of disability of a veteran and the latitude allowed in establishing ratings permitted changes in prior determinations on mere difference of opinion, and that while such actions should be permitted in fairness to the veterans concerned, some limitation should be placed upon the retroactive payments resulting from such changes in determinations.

Your committee drafted this section in such manner that awards of pension, compensation, and allowance may be retroactively adjusted for periods of six months, and that claims which had been disallowed for long periods of time might be allowed, but that retroactive payments under such allowances should only go back six months from date of determination. If the veteran has appealed his case and not permitted the same to lie dormant for failure to diligently prosecute the same, he is amply protected. Exception was made in those cases where the injury or disease was the result of actual combat with the enemy, as it was not felt that any limitation on retroactive payments or otherwise should be placed on such claims.

The section also amends the act approved December 21, 1893, which, as construed by the former Pension Bureau and the Attorney General, makes it impossible for the Administrator of Veterans' Affairs to discontinue pension payments once commenced without notifying the pensioner of the reason for discontinuance and giving him or her an opportunity to be heard in the matter, notwithstanding that fraud may have been committed in connection with the securing of such pension. While the Administrator of Veterans' Affairs is studying this precedent to determine whether it should be continued, in view of the fact that it has been in effect for a long period of time with the approval of the Attorney General, it would undoubtedly be very difficult for the administrator to adopt a different view, if such would be justified under the statute. It is, therefore, felt by your committee that the matter should be covered by legislation, for the reason that such legislation will result in economy as well as uniformity.

Under this section of the bill all veterans and their dependents will be treated alike; that is, compensation, pension, or allowance will be continued to the first day of the third calendar month following a determination that the veteran or other person is no longer entitled to the benefit, except in cases of fraud, when the discontinuance will be immediate. Your committee felt that the 3-month period allowed is sufficient to permit of adjustment by those who would be found no longer entitled, and also felt that in fraud cases payment should be immediately discontinued.

It is estimated the enactment of this section will adversely affect 35,000 persons at an estimated savings of \$13,694,000 annually.

Section 906: This section of the bill amends the first paragraph of section 200 of the World War veterans' act, 1924, as amended, so as to provide that where no active military or naval service was rendered between April 6, 1917, and November 11, 1918, no compensation shall be payable for disability or death resulting from injury suffered or disease contracted during the active service in an enlistment entered into after November 11, 1918. The names of such persons in receipt of compensation who by reason of the enactment of this amendment will no longer be entitled to compensation are to be transferred to the general pension rolls of the Regular Establishment and shall be paid pension in accordance with the rates provided for disabilities under such laws. The

transfer is not to take effect until the expiration of six months following the enactment of the amendment. The section also provides that as to those persons not now on the rolls, but who may have disabilities acquired in the service subsequent to November 11, 1918, that their rights will be determined under the general pension laws for the Regular Establishment.

Your committee believes that the awarding of compensation for disability or death due to service during the World War should be restricted to those who performed active military or naval service between April 6, 1917, and November 11, 1918. Unless active military or naval service was performed between those dates the soldier can not be classed as a veteran of the World War and should not be treated on a parity with veterans of wars. Those who enlisted after the armistice entered the Regular Establishment as peace-time soldiers and should be placed on a parity in so far as pensions are concerned with other peace-time soldiers. It is known that many men entered the military service after the armistice for the sole purpose of a trip to the Rhine, and it was not felt that the Government should continue to compensate these men on the same basis as World War veterans who served during hostilities.

The amendment has been so drawn as to avoid injustice, and under the same those men now drawing compensation will be transferred automatically to the pension rolls under the general pension laws relating to the soldiers injured while in the Regular Establishment and paid pensions in accordance with their disability. As a matter of fact this group of men is being given preference for the reason that it will not be required that they prove service origin of their disabilities in accordance with the pension statutes, which are more strict with reference to service connection than the statutes pertaining to compensation for World War veterans.

It is estimated that this section will adversely affect 13,100 persons, at a saving of approximately \$3,649,000.

Section 907: This section amends section 19 of the World War veterans' act, 1924, as amended, so as to restrict veterans, in connection with suits in court, to the use of testimony of persons who have presented statements or evidence to the United States Veterans' Bureau or the Veterans' Administration prior to the denial of the claim sued upon, except that if in a preliminary proceeding, prior to the trial of the cause sued upon, it is shown by the plaintiff, to the satisfaction of the court, that relevant and material testimony was available, from a person whose statement has not been previously submitted to the United States Veterans' Bureau or the Veterans' Administration, the court may stay the proceedings until the evidence is considered by the Veterans' Administration. If the case is allowed by the administrator, the suit will be dismissed, thus saving the veteran attorneys' fees. If the case is disallowed by the administrator, it is provided that the case may then be tried by the court, and such person may be a witness in the case. It is not intended by this amendment to restrict the testimony of any person to the statement which has been filed with the Veterans' Bureau or the Veterans' Administration. It is provided that the amendment will apply to suits now pending against the United States under the war risk insurance act, as amended, or the World War veterans' act, as amended.

Your committee believes that this amendment will result in a more just disposition of suits and will insure consideration by the Veterans' Administration of evidence which should be considered by the Veterans' Administration before suit is instituted. In other words, your committee believes that the veteran should be required to submit to the administrative agency, set up for adjudicating these claims, all evidence which is available to him before he is permitted to institute suit and that if he does not do this he should not be permitted to bring in any evidence which the Veterans' Administration has never had an opportunity to act upon. Under the existing law it would be possible for an unscrupulous attorney to withhold evidence from the Veterans' Administration to avoid payment of the claim by the Veterans' Administration in order that suit might be instituted so that attorneys' fees could be collected. It was not felt that such a condition should be permitted to exist. Also it must be remembered that the majority of the suits pending are based upon contracts which lapsed shortly following the soldiers' discharge from the service in 1919. It is, therefore, necessary for the Government, unless it is at least advised of the witnesses the plaintiff intends to use in proving his case, to make an investigation of the industrial activities of the veteran, as well as to try to ascertain his true physical condition over a period of 10 or 12 years. The difficulties confronting the Government can readily be seen.

While the savings as a result of the enactment of this amendment can not be accurately estimated, it is believed that many suits without merit as the result of the passage of this amendment will be dismissed and that there will undoubtedly be a saving of many millions of dollars to the Government.

Section 908: This section of the bill will repeal sections 305 and 309 of the World War veterans' act, 1924, as amended, so that no additional payments shall be made under such sections or the third proviso of section 408 of the war risk insurance act, as amended, except to those persons actually receiving payments on the date of the enactment of the bill, or in those claims where prior to the date of enactment of the bill it has been determined by the Veterans' Administration that all or part of the insurance is payable, and the interested person or persons entitled thereto have been informed of such determination. It is also provided that where a beneficiary receiving insurance payments under these sections dies, that payment of the remaining unpaid installments may be made in such cases to a surviving widow, child or children,

dependent mother, or dependent father of the veteran, in the order of preference specified in the amendment.

There is a further proviso that the section shall not be construed to affect any claims wherein the insured actually contracted a disease or suffered an injury in line of duty between April 6, 1917, and November 11, 1918, as a result of and directly attributable to actual combat with the enemy during war service, and as a result of such disease or injury dies or has died, or becomes or has become permanently and totally disabled, with the limitation that payment in such cases may only be made to the veteran or his widow, child or children, dependent mother or dependent father.

These two sections of the law—1, e., sections 305 and 309—provide that if an insured, at date of lapse of the insurance, was suffering with a compensable disability and at date of permanent total disability or death is entitled to uncollected compensation and/or the \$60 bonus, that such uncollected money shall be applied to cover the unpaid premiums, and to the extent that such money covers said premiums, so much of the insurance will be deemed not to have lapsed. For example, if the unpaid compensation or bonus is sufficient to pay the unpaid premium on \$1,000 insurance, or \$2,000 insurance, etc., that much of the insurance is deemed not to have lapsed. If the amount is sufficient to meet all unpaid premiums, the entire \$10,000 is deemed not to have lapsed.

Upon inquiry your committee found that this insurance in many cases is going to the estates of deceased veterans, and is being distributed to distant relatives, who certainly have no right to expect or demand any special consideration from the Government. Further, as a result of certain recent circuit courts of appeal rulings, suit may be instituted to prove permanent and total disability at a time when uncollected compensation was due, even though such uncollected compensation became payable many years after lapse of insurance. This situation will permit the revival of insurance which had been permitted to lapse long before permanent and total disability existed. The inequity of the present law, therefore, is apparent and this section is designed to correct it.

In connection with this amendment, consideration was given to the fact that approximately 9,000 suits are now pending and many thousand additional ones are in the offing, as a result of applications for disagreement having been filed. Your committee felt that although this benefit which is in addition to disability compensation might have been necessary legislation at the time it was enacted, the purposes for which it was enacted have passed. Exceptions have been made to care for those cases of men injured in combat with the enemy, and to protect the interest of widows, children, and dependent parents where payments are now being made.

This section will adversely affect 2,800 people, and will result in a saving of approximately \$9,000,000 annually.

Section 909: This section of the bill amends section 500 of the World War veterans' act, 1924, as amended, so as to limit the awarding of attorneys' fees by the courts to 10 per cent of the amount of money found under the judgment or decree and to be paid by the Veterans' Administration out of the payment made under the judgment or decree. The effect of this amendment will be to deny to attorneys any part of installments of insurance accruing after judgment has been entered.

Your committee has carefully considered the question of attorneys' fees in connection with suits under section 19 of the World War veterans' act, 1924, as amended. It is felt, in view of the fact that accrued installments due to date average approximately \$7,000, that 10 per cent of this amount as a maximum is sufficient to amply pay attorneys for the work which they may do in connection with these suits. It was not felt by your committee that future installments payable to veterans or their dependents should be subject to deduction for attorneys' fees.

While no savings will result from this amendment, in so far as the Government is concerned, your committee can not too strongly recommend its enactment.

The total number of persons affected by sections 901 to 909 of this title will be 123,320, and the total savings resulting will be \$48,714,000.

Section 910: This section authorizes the appointment of a joint congressional committee, three members of which are to be appointed by the President of the Senate and three members appointed by the Speaker of the House of Representatives, to investigate and inquire into the question of relief of veterans and their dependents.

Your committee in connection with the study made of this bill had pointed out to it many inequalities in existing law, and it was the sense of the committee that a joint committee of Congress should go carefully into the question of veterans' relief, with the idea in mind of reporting to the next Congress at the time specified, February 1, 1933, a coordinated national program on veterans' relief, which would, so far as possible, provide equality of treatment to veterans and their dependents consistent with the financial ability of the Government to bear the expenses.

Mr. JOHNSON of South Dakota. The first provision, section 901, it is true, prevents some hospitalization, but it does not prevent hospitalization of any single man who has an income less than \$1,500 a year or any married man with \$3,500 a year. There is no reason why people who have money and happen to be non-service-connected veterans should occupy

these beds, when there can only be a certain small number occupy them. We can not have beds enough for 4,000,000 men at once and there is no reason the well-to-do should occupy the beds and keep the poor boys out of the hospital. If there is such a thing as influence, and we know there is influence, that influence is used for men of wealth and standing in the community. It is not used for the hill billy from the South or any poor man. The economy in that provision is for the common, everyday man in your district.

Mr. SIMMONS. Will the gentleman yield?

Mr. JOHNSON of South Dakota. I yield.

Mr. SIMMONS. Going back eight years to the time when the gentleman was chairman of the Veterans' Committee, there was authorization that in veterans with service-connected disability going to the hospital, preference should be given to those who needed it financially.

Mr. JOHNSON of South Dakota. The gentleman is correct, but that is stricken from the bill.

Mr. BULWINKLE. Will the gentleman yield?

Mr. JOHNSON of South Dakota. I yield.

Mr. BULWINKLE. It still is the law that preference is to be given to those who apply for it.

Mr. JOHNSON of South Dakota. There is no limit as to the veteran's income. Now, gentlemen, I will not be able to discuss all the provisions of this title. Here is section 902, which provides that a man who enters a hospital will have his pay cut to \$20 a month. There is relief and economy in that. The man who gets in a hospital will cost the Government \$130 a month to keep him there. If he has a wife or children, \$20 a month is allowed him, and the difference between the \$20 and the amount he would otherwise be entitled to will be paid to his wife or children or dependents.

Now, I am going to refer to the disabled emergency officers' act. Members opposing this title in the bill are declaring in favor of the emergency officers' act, the law that they have ranted about on the floor of the House for the last two or three years. I would not want to see the emergency officers' act entirely eliminated, because some of them are combat casualties. But the very men that oppose it by declaring against Title X have declared that they are now in favor of that bill.

Mr. PARKER of Georgia. Will the gentleman yield?

Mr. JOHNSON of South Dakota. I am sorry I have not the time. I can not yield. I recognize that the gentleman from Georgia has a fine service record. He is courageous and can always take care of himself. I have a great admiration for the gentleman, but owing to the brief time, I can not yield.

There is no reason in the world that service men can not go to the regional officers in their home States at Government expense without this \$2.65 per day.

They object because of the retroactive-payments clause. The object of legislation for a service man is not to pay him a large amount of money, \$6,000 or \$7,000, at one time. The object of it is to take care of him during the rest of his life, and I brought in the bill that made that possible.

Mr. BULWINKLE. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of South Dakota. I can not yield any more. I can not even finish the provisions of this bill in the time that I have.

There is not a reason in the world that this retroactive pay should not be abolished. It will save that much more money to spread out over a greater number of men; and as I was about to say when interrupted, it is entirely possible that where these great retroactive payments are involved, Government servants would be more inclined to hold on the side of the Government than they would otherwise. If those are prohibited, I think the law could be liberalized to a great degree.

Here is another thing that is in this bill. It provides that the man who enlisted after November 11, 1918, go onto the Regular Army pension roll, where, in my judgment, he belongs. So far as I knew, the war was over on November

11, 1918. It is true that the official end of the war did not come until July 2, 1921. At least 8 per cent of this compensation being paid is being paid to men who enlisted after the war was over—enlisted to get a nice ride to Coblenz and have a good time. They were patriotic; they were sorry that they could not get into the war; many were too young; but why should the man who enlisted on the 1st of January, 1921, get just as much as the man who lost his arm at Chateau Thierry in 1918? The question answers itself. Those of you who will not vote with the committee will have voted that you think that man who enlisted in 1921 is entitled to the same treatment as the one who enlisted in 1917, the first day of the war. You may just as well remember that when this record is made up. They will not be injured; they will go back on the same Regular Army or Navy or Marine Corps pension roll that everyone who enlisted prior to the World War or after the World War is now carried on. That is section 906.

Section 907 has had a great deal of objection made to it. Hardly a Member of the House who has not received a communication from some attorney saying the constitutional rights of the men will be taken away. I am tired of all this bunk about Government insurance that has been used on the floor of the House for the last five or six years. The war-risk insurance has cost the Government about \$1,350,000,000 more than the soldiers paid for it, and yet they say, "Oh, they took the money away from us." It has come back to them a thousandfold. Who are writing these letters? It is a bunch of attorneys who have been gouging the service men. We passed a law—and it was my law, because of the Benny Schwartz case—that provided that if a man had anything coming from the Government—a \$60 bonus or anything else—it could be used to revive his insurance, and I thought that was fair; and now to-day one lawyer has 1,700 of these cases that he has gathered together, and he gets \$1,000 out of each one if he wins, and in addition gets 10 per cent of the \$57.50 that the veteran gets for the balance of the 20 years. Why does he get it? Because he will not present the soldier's claim to the Veterans' Bureau. He presents his claim to the Veterans' Bureau, it is true—this bunch of crooked lawyers—but he does not present any evidence, and the Veterans' Bureau has to turn it down, as we would or you would or as a court would, because no evidence is presented. He does not present his evidence, and there is a disagreement, and then he can sue the Government and get his fee. This law does not injure the man in any way; it only provides that when any attorney brings the case to a court—if he does—and the judge finds out that the evidence was not presented to the lower court—namely, the Veterans' Bureau—that the case shall be remanded back to the lower court, and that court will have a chance to consider the evidence. There never should be a time when a higher court can reverse the verdict of a lower court unless the lower court has had the evidence before it. That is good sense and it is good law; and if you are not with the committee, you are against that provision. You are supporting one man who has 1,700 of these cases and others that have hundreds of cases. Most of them will be in the record when this record is all made up. So much for section 907.

Section 908 stops the revival of Government insurance to a great degree; and I think it should stop it. When we passed that war risk act in 1917, I voted for it; and I see Members of this House before me now who voted for it, knowing when they voted for it that they could not expect that some man who had not paid his insurance premiums for 12 years could revive his insurance because the Government owed him 12 years ago a few dollars. Just how long would the Prudential or Equitable or the New York Life or any other of these great companies—and I am not trying to distinguish among them, because they are all great—last if every time somebody dropped a policy and did not pay the premium he could come in 12 years after he had paid a cent and revive it on a pretext such as is being done here? It is absurd; and if you do not support this committee, you

are in favor of that practice. This insurance has already cost the Government \$1,300,000,000, and it will cost it \$3,000,000,000 if you do not vote with the committee.

The last section is a matter of limitation of attorneys' fees. Attorneys' fees ought to be limited. There never was such a purging of Government in the world as was done after the War between the States, when the pension attorney grafts were exposed. There have been no bills brought out of the Committee on World War Veterans' Legislation that have allowed for any legal fees except this one which could not be foreseen, and which we are trying to eliminate to-day.

Certain Members have objected because they were not consulted in connection with framing this bill. The chairman of the Veterans' Committee has wept briny tears because he was not consulted. Others have said they were not consulted. I was not consulted about it. If this Economy Committee intended to bring out any bill that would create economy, they have been compelled to put on roller skates and skate around among the 435 Members of this House, half of whom would have talked them to death in any event if the committee stopped to talk. It could not be done. They did not do it. It is not a question of who was or was not consulted. It is a question of whether or not the legislation is right. It is a question of whether or not it does justice to the Government and justice to the service men. Everyone concedes the honesty of the members of this committee. There is no more honest or capable man in this House than the chairman of this Economy Committee [applause], with whom I have seldom voted and with whom I often disagree, but whose record and ability I know. The same is true of every member of that committee. It is not a question of who was consulted. It is a question whether or not we are going to see that decent and fair veterans' legislation is to be enacted for the benefit of the veterans. [Applause.]

I wish the Members would not forget that after the pension frauds Grover Cleveland was elected on the slogan of "Purge the pension roll." It was purged. There will not be one man from the World War on the rolls of the United States within one year whose name will not be in his home town paper, with date of his enlistment and with a record of everything that was done, including everything that affects him, because this move for fair legislation comes from the grass roots. It is the people who are paying taxes that are objecting to some of the things that have been done. It was easy to do anything when we had the money. We had all the money in the world up to 1929. To-day the Government does not have the money. Who should be kept from the compensation and pension rolls? In my judgment the ones mentioned in this bill, who enlisted after 1918, who are receiving the per diem, who are not entitled to the retroactive pay, who are getting insurance payments to which they are not entitled. That will save the service man from himself.

Mr. PARKS. Will the gentleman yield?

Mr. JOHNSON of South Dakota. I can not yield.

As I have said, this is an issue of saving the service man from himself more than anything else. Do not forget there are 4,200,000 of them living. There are 3,000,000 who are not drawing anything from the Government, and it is those men that you do not hear from. There are 43,000 in the hospitals. When I checked up last year, I found there was one man who had written 25 letters a day for five weeks to Members of Congress. Those are the letters you are getting, perhaps.

The CHAIRMAN. The time of the gentleman from South Dakota has expired.

Mr. WILLIAMSON. Mr. Chairman, I yield to the gentleman two additional minutes.

Mr. JOHNSON of South Dakota. Mr. Chairman, I shall not ask for a roll call on this bill, because I am going to defend Congress a minute. There has never been so much propaganda in the world as is coming in in the last few days from every known person. Everybody wants to have taxes reduced. Every industry, from the jewelers to the

brewers, want taxes reduced and nobody wants to have any appropriations reduced. There is not a Member of Congress to-day who is not two weeks behind with his mail because of propaganda. I will not ask for a roll call, to turn loose a lot of nit-wits on either side on a particular issue like this, that involves the great fundamentals of Government, and yet I think there ought to be one, and when there is one, or when the record is all made up and the intelligent service man reads the report I have inserted, it will appeal to his plain, common-sense judgment. It is the man who actually saw service who will read the report. This report will be sifted through the local posts of all the different organizations. When that is done you need not fear to support the report of this decent, clean, honest committee of this House, composed of both Republicans and Democrats, who are willing to take their political lives in their hands and bring in a report which they thought was for the best interest of the Government of the United States. [Applause.]

The CHAIRMAN. The time of the gentleman from South Dakota has expired.

Mr. BULWINKLE. Mr. Chairman, I yield to myself one-half minute.

The gentleman from South Dakota should have known. He had every opportunity to know that a modification or the repeal of the emergency officers' act is being considered by the Committee on Military Affairs. It has been there for some time, and the gentleman should know that before making the statement.

Mr. SIMMONS. And it will be there for some time, too.

Mr. BULWINKLE. Mr. Chairman, I now yield to the gentleman from Illinois [Mr. BEAM] the remainder of my time.

The CHAIRMAN. The gentleman from Illinois is recognized for one and one-half minutes.

Mr. BEAM. Mr. Chairman, in the limited time which I have it will be impossible for me to advance any arguments. I just want to make this observation in conclusion, that since the commencement of this Congress the word "economy" has become a platitude. This great Government of ours a few years ago loaned money freely to England, France, Germany, and Italy, fed the world, if you please, fed the starving Belgians, sent wheat to Russia and to China, and it is a sad commentary upon the American Government that in order to reduce expenditures, in order to limit payments, if you please, we must sacrifice the men who defended this country in its hour of need and under the hue and cry of economy take from them the advantages of well-earned and well-deserved legislation. It is a sorry day when our Government should place this economy and efficiency measure upon the veterans and soldiers of the World War who defended its honor and integrity and brought back to our land added laurels and higher ideals for the greatness of our American institutions. [Applause.]

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. McDUFFIE. Mr. Chairman, I yield 30 minutes to the gentleman from Arizona [Mr. DOUGLAS].

Mr. DOUGLAS of Arizona. Mr. Chairman, in a certain sense it is a painful and distasteful task which confronts me here to-day. It is painful because I am an ex-service man, because ex-service men are my friends, because I served with them in this country and overseas. It is painful because I feel it is my duty to oppose certain of the things which the ex-service men's organizations are advocating. And here may I interpolate that while this particular title was being considered by the Economy Committee I was in constant touch, in continuous conferences almost, with the leaders of the ex-service men's organizations in Washington. I want the Members of the committee to know that Mr. Watson Miller, of the American Legion; Mr. Eddie Lewis, of the American Legion; Mr. John Thomas Taylor, of the American Legion; and Mr. Kirby, of the Disabled American Veterans, do not advocate Title IX as it is written. And so I say it is painful for that reason, as well as for others, for me to here advocate it this afternoon; and it is painful because I have

a bond of sympathy with all ex-service men. The common service which we all had, the common experiences which we all underwent naturally builds a tie which years can not sever. But regardless of how painful the task may be, I am here to-day advocating Title IX of this bill because I believe that the interests of my country demand it. [Applause.]

There are some facts with respect to veterans' legislation which this committee and every man, woman, and child in the United States should know. The present cost of veterans' relief is \$1,121,000,000 annually. The cost of the Veterans' Administration has increased \$396,000,000 during the last decade. Compensation, and compensation alone, has increased from \$253,000,000 in 1931 to \$356,000,000 in 1933.

The total which the United States Government has paid out of its Treasury to veterans of past wars exceeds \$16,500,000,000, and of that amount \$5,390,000,000 have gone for benefits to veterans of the World War. Within 10 years the taxpayers of the United States—and when I say "taxpayers" I mean everybody, because the incidence of taxation carries the burden to everybody—have contributed to World War veterans one-third of the total cost of the veterans of all wars.

Mr. SCHAFER. Mr. Chairman, will the gentleman yield?

Mr. DOUGLAS of Arizona. Later on I shall be glad to yield.

Moreover, that is not the entire story. If it were, it would not be so tragic. It is estimated that 10 years hence, assuming that no additional benefits are granted to veterans, under existing statutes the annual burden will exceed \$1,300,000,000, and will probably mount to \$1,500,000,000. Whereas to-day there are more than 1,000,000 ex-service men receiving benefits from the United States Government, it is estimated, as a result of experience during the course of the last three years, that that number will exceed 1,400,000 ten years hence. Moreover, during the next decade it is estimated that \$11,870,000,000 will be paid to veterans. In other words, 10 years hence the United States will have paid to veterans of the World War approximately \$17,000,000,000. I submit to the members of this committee that this is an appalling picture; that as we look forward into the future and see the mounting annual cost incident to existing statutes, you must become convinced that we must change some of the provisions in the existing law; that we must modify and revamp the statutes which grant benefits to veterans of past wars; that we must do it fairly and honestly, without depriving the real war casualty of any benefits to which he may be entitled, without destroying the entire structure; but you must concede that you and I, as Members of this Congress, must set our minds and our hearts to the task of modifying existing statutes.

If we fail to do this, the effect may well be the destruction of our Government. No democracy can stand the burden which is now imposed upon ours. I know that were the ex-service men themselves to become aware, to be made cognizant of what has been done they are sufficiently patriotic to rise up and say, "This thing must stop."

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. DOUGLAS of Arizona. I am delighted to yield.

Mr. MAY. I would like to call the attention of the gentleman to page 17 of the report, where is set out the table showing the amount of disbursements to veterans of all wars.

Mr. DOUGLAS of Arizona. I hope the gentleman will be brief.

Mr. MAY. I will be just as brief as I can. In this table the disbursements for veterans of the World War is listed at \$5,390,039,000.

Mr. DOUGLAS of Arizona. That is right.

Mr. MAY. That includes the loans made on adjusted-service certificates?

Mr. DOUGLAS of Arizona. That is right.

Mr. MAY. But does not take into account the \$953,942,000 paid in premiums by the veterans?

Mr. DOUGLAS of Arizona. The gentleman is correct.

Mr. SCHAFER. Mr. Chairman, will the gentleman yield?

Mr. DOUGLAS of Arizona. I will, later on.

Mr. Chairman, the considerations I have outlined show the reason the Economy Committee considered the revision of existing law.

If you will bear with me for a few minutes, I will attempt to explain accurately and concisely the meaning of the various sections of this title.

First, I want to state the provisions of 901 positively and negatively so there can be no misunderstanding as to what it means. Permit me to demonstrate the persons who are not affected in any way whatsoever by the provisions of 901.

All those who, if single, have an income of less than \$1,500 a year, plus \$400 for each dependent, and all those who, if married, have an income of \$3,500 a year or more, plus \$400 for each dependent, are in no wise affected by the provisions of 901, whether their disease or disability be presumptively connected with the war or whether their disease or disability be directly connected with their war service. It is quite immaterial as to how they may have contracted their injury or their disease, provided they have not the income specified. So that in 901 a presumptive case who can not take care of himself is in no way affected.

I want the members of this committee to bear that in mind; to realize that this is a statement of fact and not a statement of assumption.

Mr. JOHNSON of South Dakota. Will the gentleman yield?

Mr. DOUGLAS of Arizona. Yes.

Mr. JOHNSON of South Dakota. That means that these neuropsychiatric cases, presumptive, these tubercular cases, presumptive, these syphilitic lethargica cases, presumptive, and these dysentery cases, presumptive, are not affected?

Mr. DOUGLAS of Arizona. They are not.

Mr. BROWNING. Will the gentleman yield?

Mr. DOUGLAS of Arizona. I yield.

Mr. BROWNING. If they have the necessary income, they are affected.

Mr. DOUGLAS of Arizona. In other words, if they can take care of themselves, but the man who can not trace his disease or disability to his war service is in no wise affected if he has not the income provided in this section.

Mr. BROWNING. But the cases enumerated by the gentleman from South Dakota are affected if they have as much income as the gentleman has designated.

Mr. DOUGLAS of Arizona. If they have that much income or more.

Mr. JOHNSON of South Dakota. If they are married and have an income of \$3,500 or more, plus \$400 for each child, they are affected?

Mr. DOUGLAS of Arizona. Yes.

Mr. BROWNING. And if single and they have an income of \$1,500?

Mr. DOUGLAS of Arizona. I do not yield further. The provisions of this section do not deny to any man who has not the specified income any of the benefits he is now receiving. [Applause.]

The second class in no wise affected under 901 is that class in which we find men of 65 years of age or over.

The third class that is in no wise affected, regardless of how large or how small their income may be, is the man whose disability or disease is directly attributable to his war service—that man we know to be a war casualty—and I, for one, will stand on the floor of this House and constantly defend the receipt by him of his disability compensation and other benefits.

The fourth class which is not affected is the man who is totally and temporarily disabled and the man who is totally and permanently disabled. It is quite immaterial as to whether he can trace his disability to his war service or as to whether he is presumptively connected. Section 901, therefore, in no wise affects the totally and temporarily disabled or the totally and permanently disabled.

Mr. GLOVER. Will the gentleman yield?

Mr. DOUGLAS of Arizona. I yield.

Mr. GLOVER. The age being fixed at 65, would not that prevent many of the Spanish-American soldiers who are now drawing pensions from continuing to draw them?

Mr. DOUGLAS of Arizona. Unless he is exempted under one of the six classes of exemptions.

Mr. BALDRIGE. I would suggest that the gentleman continue his statement and not yield, because the gentleman has a line of thought, and we are anxious to hear it.

Mr. DOUGLAS of Arizona. I thank the gentleman.

The fifth class that is exempted under 901 is that in which there is the man who has a presumptive disability and who served in combat with the enemy in the zone of hostilities or who was under fire. The person in this class is in no wise affected under the provisions of 901. The theory underlying this exemption is that a man who was in combat with the enemy, who served in the zone of hostilities, or who was under fire, was subjected to more intense physical and nervous strain than the man who did not have that service, and that therefore any disease he may have developed should be presumed to be of war origin. The man who served in camp in this country obviously was not subjected to the same hardship or to the same nervous or physical strain as that to which the man who served in combat with the enemy or under fire or in the zone of hostilities was subjected.

The sixth class which is exempted under 901 are the widows and orphans. The provisions of that section deprive them of nothing now or in the future.

I now desire to define affirmatively the one class which is affected by the provisions of section 901. The presumptive case who is not totally disabled, who was not in the zone of hostilities, who has an income of \$1,500 a year or more, if single, or \$3,500 a year, or more, if married, plus \$400 a year for each dependent, is affected, and he alone is affected. He receives no benefits under 901, and I challenge any man on the floor of this House to demonstrate why a man who can not trace his disability to his war service and who can take care of himself, his wife, and his children is entitled to a gratuity from his Government. [Applause.]

This is the man who is affected under the provisions of 901. No other class is affected by its provisions. And permit me here to state to the members of the committee, with all due respect for the statement of the gentleman from North Carolina, that only 22,000 ex-service men out of a total of over 1,000,000 now receiving benefits are affected by the provisions of section 901 of this title.

Section 902 has been explained by the gentleman from South Dakota. It provides that the man who is in a hospital, mind you, receiving a comfortable bed, good food, hospital care and treatment, is to receive \$20 a month as long as he shall remain in the hospital, if he is single, and that the man who is in the hospital, if he be married or have dependents, shall receive \$20 a month, while the difference between \$20 and what he would otherwise receive shall be paid to his wife or dependents. The theory underlying this section is that there is no justification in giving a man in the hospital his full compensation, in addition to his bed, his food, his hospital care and treatment, while the man who may be suffering with an equal disability is outside, not receiving the bed and the food and the hospital treatment and care. In other words, the committee decided that the present situation constituted a double benefit and that one of the benefits should be withdrawn.

Section 903 deals with the emergency officers' retirement act. When the Congress passed the emergency officers' retirement act, it was my understanding—and I am sure it was the understanding of a great many Members, possibly not all, but a great many—that the retired emergency officer who was to receive benefits under the provisions of that act was the one whose disability was directly attributable to his war service. After the act had been passed, the Attorney General rendered a decision with respect to ambiguous language in the act which granted to the emergency officer, presumptively connected with war service, all of the benefits which it was thought were to be restricted to those whose disability was directly attributable to war service.

The provisions of section 903 provide that the emergency officer who sustained a disability directly attributable to his war service, prior to the armistice, shall receive benefits and that also those emergency officers who, having served 90 days prior to the armistice, had subsequent to the armistice and before July 2, 1921, contracted a disability directly attributable to their war service shall receive benefits. In other words, section 903 merely restores the meaning of the emergency officers' retirement act to that which we thought and understood was contained in the act when we approved it. Moreover, under this section those officers removed from the retired rolls shall become compensable cases subject to the provisions of section 901 of this title.

Section 904 has been explained. Section 905, with respect to retroactive benefits, has been explained.

Bear this in mind, I beg of you, that here we are 10 years after the official termination of the war, almost 14 years after the actual termination of the war, and yet we are still, under existing law, paying retroactive benefits for 8, 9, and 10 years, and I submit to the members of the committee that this is hardly justifiable, excepting always the case which is directly attributable to war service.

Section 907 has been explained by the gentleman from South Dakota [Mr. JOHNSON]. Section 908 also has been explained by the gentleman from South Dakota. Section 909 likewise has been explained by the gentleman from South Dakota. Time does not permit me here to duplicate his explanation.

Section 910 provides for a joint committee to make a complete survey of all veterans' legislation and to report back to the Congress at the next session a well-coordinated program for the care of all veterans of all wars, as well as their dependents.

I ask you to consider this title tolerantly, without prejudice—honestly and courageously. I ask you to bear in mind the future cost imposed upon this Government by reason of existing statutes. I ask you to bear in mind that Title IX of this act deprives no man, justly entitled to benefits, of any benefit which he has heretofore in the past received or may receive in the future. I ask you to bear in mind that Title IX will save the United States \$48,000,000 in 1933 and \$300,000,000 annually 10 years hence, and that it will not destroy the fabric of just, proper, and adequate veterans' relief. [Applause.]

As we look ahead into the future the burden imposed upon the United States Government becomes staggering—it becomes appalling. I have said before, and I repeat, were the ex-service men of this country who wore the uniform of their country, who followed their flag into battle, to become cognizant of what has been put on the statute books of this country, they would rise up in arms and say, "This thing must stop!" [applause]; and if they will not, then I say to you here, as an individual, that this thing must stop. Were I to take any other position, I would consider that I, as an individual, were unworthy of the uniform which I once wore; that I were unworthy of the flag which I once followed; that I would be unworthy to sit in this House, for I feel deeply and intensely that you and I must here act courageously and honestly to modify the existing statutes in the interest of the country we once fought to save.

This is no time to consider our own petty political careers. This is no time to set ourselves up individually above our country. On the contrary, this is a time when you and I are faced with a crisis, faced with an emergency, when you and I are under the guns. It is for us to decide whether we have the courage to stand under fire. [Applause.]

All the great political philosophers—Voltaire, Hume, and Locke—prophesied the day when under a democratic form of government the power of organized minorities would be greater than the resistance of the legislative body. I submit to you that that time has almost arrived. I submit to you that you and I and every one of us, Members of this House, at one time or another have been propagandized by an organized minority, which through ignorance unwittingly

has attempted to impose upon the United States Government a burden which that Government should never have been called upon to bear. [Applause.] Unless you and I now have the courage to stand against these organized minorities, to exercise our own best judgment in the interest of our Nation as a whole, I say to you—and in this respect I will assume a prophetic rôle—the democratic form of government, the form of government which has made this country great, will crumble into dust.

The things for which you and I have always stood will be destroyed.

As for myself, as long as I am a Member of this House I will stand in the well or elsewhere to oppose every organized minority that attempts to impose on the United States a burden which can not be justified and which the United States can not and should not carry. [Applause, Members rising.]

The CHAIRMAN. All time has expired. The gentleman from North Carolina offers an amendment.

Mr. McDUFFIE. Mr. Chairman, a parliamentary inquiry. My impression is that the House gave unanimous consent to take up Title IX section by section prior to the motion to strike out the whole title.

Now, many Members on the floor will vote for some sections in the title, and I think they should have an opportunity to do so before striking out the entire title. I hope the membership of the House will give consideration to the various sections of the title. Therefore, I hope that the title will not now be stricken out before we have an opportunity to consider it section by section.

The CHAIRMAN. The Chair will state for the information of the committee that when a motion is made to strike out the entire title the Chair will hold that particular amendment in abeyance until other perfecting amendments are disposed of. The gentleman from North Carolina has an amendment to strike out and insert, and therefore the Chair recognizes him, and the Clerk will report the amendment.

Mr. RAMSEYER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. RAMSEYER. After the motion is made to strike out the entire title, the Chair will hold that particular amendment, would a motion to strike out a particular section be considered as a perfecting amendment?

The CHAIRMAN. The Chair would so hold. The Clerk will report the amendment of the gentleman from North Carolina.

The Clerk read as follows:

Amendment offered by Mr. BULWINKLE: Strike out all of Title IX, consisting of sections 901, 902, 903, 904, 905, 906, 907, 908, 909, and 910, and insert in lieu thereof the following:

"TITLE IX. PROVISION APPLICABLE TO VETERANS

"SEC. 901. There is hereby created a joint congressional committee, which shall be composed of seven Members of the Senate, to be appointed by the President of the Senate, and seven Members of the House of Representatives, to be appointed by the Speaker of the House of Representatives. Such committee shall conduct a thorough investigation of the operation of the laws and regulations relating to the relief of veterans of all wars and persons receiving benefits on account of service of such veterans and report a national policy with respect to such veterans and their dependents, and shall also report and recommend such economies as will lessen the cost to the United States Government of the Veterans' Administration. The committee shall report to the Senate and the House of Representatives not later than the first Monday in December, 1932, the results of its investigation, together with such recommendations for legislation as it deems advisable.

"The committee is authorized to sit and act, whether or not the Senate or House of Representatives is in session, at such times and places as it may deem advisable, and to call upon various departments of the Government for such information and for such clerical assistance as may be necessary, using the services of employees on the Government pay roll, and also to call upon and use the clerks of the Committee on World War Veterans' Legislation, the Committee on Pensions, and the Committee on Invalid Pensions, of the House of Representatives, and the clerk of the Committee on Pensions of the Senate."

Mr. BULWINKLE. Mr. Chairman, I shall not attempt to answer the argument of the gentleman from Arizona, but I say to him that many men in this House have the same amount of courage that he has, but they also have sympathy

for these disabled veterans and their dependents. [Applause.]

Now, the gentleman from South Dakota referred to the emergency officers' bill. That is before the Military Affairs Committee for their consideration, and they are going to report on it, either by repealing it or modifying it in a short time.

The amendment I have introduced leaves nothing in this title save and except a committee to be appointed, consisting of seven Members of the House and seven Members of the Senate to report on the first Monday in December on two things: How to consolidate all of these matters for veterans' relief, and second, how to perfect economies in the administration.

That is a fair and just proposition. Those of us who are service men, those of us who are thinking of the disabled veterans or their dependents, would rather wait and let the calm and deliberate thought of this committee decide what should be done for the benefit, not only of these men, but the country as well. I respectfully request the committee to vote down all so-called perfecting amendments and to vote for the amendment I have introduced. [Applause.]

Mr. SIMMONS. Mr. Chairman, I rise in opposition to the amendment. I will venture to say what in effect I said earlier in the session this afternoon, and that is, that the thing that the country is interested in and what they are expecting Congress to do now is to effect economies resulting in saving to the Federal Treasury now. [Applause.] This proposal means no saving now; it holds out a forlorn hope of savings hereafter. Let me repeat, the country demands savings now.

Mr. MAY. Will the gentleman yield?

Mr. SIMMONS. I am sorry, but I have not the time. This proposal made by the gentleman from North Carolina is in effect only a subterfuge designed to help Members in their vote against economy—a vote to investigate the Veterans' Administration and laws and set up a smoke screen behind which they may vote to continue governmental expenditures. All that the taxpayer will get out of the proposal of the gentleman from North Carolina is an investigation and report of a committee and the privilege of continuing to pay tax bills to the Federal Treasury. It sets up a committee of 14 Members of the House and Senate to report on the first Monday in December next, four weeks after the election—a committee that is supposed to function during the time that every member of that committee, so far as this House is concerned, and presumably some members of the Senate, will be campaigning for reelection, a committee that expects to report back to a short session of the Congress, when anyone who knows the legislative situation in either body at that time knows that neither of the two Houses will act on that type of legislation to the extent that it could become law between then and March 4. It is a dodge, it is a subterfuge, it is a backdoor escape for those who are afraid to go on record either for or against reducing veterans' payments.

Those who are friends of veterans rather than vote-seeking friends of veterans will face the issue. In my judgment, the thinking veterans now have reached the conclusion that we must say to the Treasury and to the country and to our comrades in the service that the country can not continue to pay out unlimited funds in our behalf. [Applause.] It is better that those who are friends of the veterans now stop some of these expenditures than that we allow this thing to go on until the backwash will sweep aside benefits to which every one of us believes now the veterans are entitled. The veterans and the friends of the veterans must stop this movement. We must face this issue. If you want these benefits to continue to go to the veterans, be honest about it and vote for it. Do you want to stop these expenditures? Then support the committee, but do not vote to go out of the back door. The veterans at home are thinking citizens, they know what is going on here, and they have no respect for political cowards. This substitute is nothing but a subterfuge and dodge of the real issue. It may appeal to some Members now, but the day when the veteran will

demand a show-down on this issue, when the country will demand a show-down on this issue, can not be long postponed. The defeat of the committee's proposal means the damming up of opposition to the drain of veterans' payments, finally when the deluge comes, the veteran will be the greatest sufferer. Vote now for the committee's cuts and avoid the inevitable deeper slashes that will come unless a halt is called in veterans' expenditures. [Applause.]

Mr. PETTENGILL. Mr. Chairman, I offer the following amendment, which I send to the desk:

The Clerk read as follows:

Amendment by Mr. PETTENGILL: Strike from Mr. BULWINKLE's motion the figure "903," referring to section 903.

Mr. PETTENGILL. Mr. Chairman, the effect of this motion, if it prevails, will be to leave section 903 in the bill. As has been stated here by Mr. BULWINKLE, this whole matter with reference to the emergency officers' act of 1926 is now before the Committee on Military Affairs. I am a member of that committee. No member of the committee can speak for the full committee, and I do not attempt to do so. I do wish to say, however, that my motion to leave section 903 in the bill is offered after consulting with a number of the members of the Military Affairs Committee that I have seen here on the floor this afternoon.

Mr. FITZPATRICK. Mr. Chairman, I am on the floor, and the gentleman did not consult with me.

Mr. PETTENGILL. I beg the gentleman's pardon. I did not see him.

Mr. KVALE. And will the gentleman also include me in that?

Mr. ROGERS. And I wish that he would also include me.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. PETTENGILL. Yes.

Mr. VINSON of Kentucky. How long were hearings held?

Mr. PETTENGILL. We held our hearings until William Wolff Smith got sick.

Mr. VINSON of Kentucky. Does the gentleman believe that we ought to legislate through orderly procedure, with hearings, or does he believe that we ought to have star-chamber sessions and let the Director of the Veterans' Bureau in an ex parte proceeding write legislation affecting the Veterans' Bureau?

Mr. PETTENGILL. I do not defend star-chamber proceedings, but I do want to explain to the House the effect of this motion. When the Tyson-Fitzgerald bill was passed the legal counsel of the Veterans' Bureau rendered an opinion under which it would apply to about 3,000 officers. Later an opinion of the Attorney General reversed the previous opinion so that it applied to some three or four thousand more officers than were originally contemplated when the act was passed. This section, as I understand it, will restate into the law what was the intent of Congress when the Tyson-Fitzgerald bill was passed.

Mr. KVALE. Mr. Chairman, I rise in opposition to the amendment of the gentleman from Indiana.

I do so for more than one reason. The first reason is that, as I understand it, the agreement entered into before this title was considered was that each section should be considered in turn, and that the committee is entitled to a frank shown-down on the amendment offered by the gentleman from North Carolina without any entanglements or complicating factors.

I am one who believes that the gentleman has a fair proposition. He offers to strike out all of the sections of the title which have to do with the various benefits, privileges, and rights of veterans under existing law, and to set up a fair body to go into a thorough, systematic, competent, and dispassionate study of this problem; then come back this winter with recommendations, after open hearings, and after all sides have their say, when we will be in a position to effect economies through enactment of some fair, honest, and courageous legislation. I do not favor the proposal as written in section 903 of this measure. I speak as one who has some set opinions regarding the adminis-

tration of this emergency officers' retirement act. There is hardly a man in the association itself of any consequence or standing who dares or desires to defend some of the most flagrant abuses of this act that are of record. They are not found defending a man who has been retired for emotional instability or social inaptitude or some of the other extreme cases which have been cited. Just so, there is a group, and I hope it is a substantial proportion of this House, that is unwilling to strike from the rolls of the retired men a deserving man in order to reach an undeserving man.

After all these emergency officers enlisted not in peace time but at a time when they knew their services would be used in war. They were willing and eager to subject themselves to the hazards of battle. If we do it deliberately and carefully, we can arrive at some method of reaching those who should not properly be on the rolls. I speak the sentiment of this group of officers as voiced to me when I say that in that task you will have the complete cooperation and sympathetic assistance of every responsible member of the group which now receives the benefits under this act.

Mr. McDUFFIE. Will the gentleman yield?

Mr. KVALE. I yield.

Mr. McDUFFIE. The gentleman assumes that the language of this bill strikes the deserving men from the roll, which it does not.

Mr. KVALE. I insist it does.

Mr. McDUFFIE. When did the gentleman's committee take up this emergency-officer proposal?

Mr. KVALE. That is a fair question. The committee has not yet completed hearing the testimony, much less has it considered it in executive session.

Mr. McDUFFIE. When did the gentleman's committee begin hearings?

Mr. KVALE. We began some time ago. The gentleman knows the stress of the activities in Congress now and the difficulty of holding sustained sessions.

Mr. McDUFFIE. It was after the Economy Committee had begun its program?

Mr. KVALE. I am unable to state. I believe the gentleman is correct.

Mr. McDUFFIE. In other words, we do not know when the gentleman's committee will bring a bill here and pass it.

Mr. KVALE. But the gentleman does not intend to give us a chance.

Mr. CONNERY. Will the gentleman yield?

Mr. KVALE. I yield.

Mr. CONNERY. Why was that bill sent to the Committee on Military Affairs when the original Tyson-Fitzgerald bill came from the Veterans' Committee?

Mr. KVALE. The committee wondered about that, but it was referred to the committee, and the committee did not want to dodge any responsibility.

Mr. HILL of Alabama. Will the gentleman yield?

Mr. KVALE. I yield.

Mr. HILL of Alabama. It was sent to the Committee on Military Affairs because it contained provisions with reference to the retirement of Regular Army officers. The Committee on Military Affairs had jurisdiction over that.

Mr. CONNERY. But that does not mean that that committee has jurisdiction over officers who are not Regular Army officers.

Mr. KVALE. I regret I can not yield further. The point I am making is that there is a systematic study and searching consideration of this matter in progress, and until that is completed, I choose to cast my lot with those who do not intend to assess the underpaid Government workers and the disabled veterans of this country to meet a deficit that they had nothing to do with creating.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana as a substitute for the amendment offered by the gentleman from North Carolina.

The amendment was rejected.

Mr. ROGERS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROGERS: Page 66, line 24, strike out section 907, down to and including line 2 on page 68.

Mr. ROGERS. Mr. Chairman, while I am in sympathy with the other provisions of this particular Title IX, I believe this section 907, relating to testimony in suits upon insurance claims, has absolutely no place in the statutory law of this Nation.

Mr. BULWINKLE. Mr. Chairman, a point of order. I make the point of order that the amendment offered by the gentleman is not a perfecting amendment.

The CHAIRMAN (Mr. WARREN). The Chair will rule that any amendment to strike any part of the title is a perfecting amendment.

Mr. ROGERS. Let us look at the situation for a moment. This is brought in here because it is claimed it is difficult to obtain evidence which will be presented at a jury trial of these claims, although there is no case known in the history of equity, common law, or criminal jurisprudence which compels a litigant, before going into a court of competent jurisdiction to try his case, to furnish to the opposing side not only the names of his witnesses but the testimony which those witnesses intend to give in court. This section proposes to compel the petitioner under this act to furnish all his evidence to the Veterans' Bureau before he is permitted to go to trial before a jury in the perfection of his appeal.

This suggestion was intimated by members of the Veterans' Bureau, but, before the Committee on Military Affairs only a few days ago, General Hines, in suggesting that this amendment be made a part of the law, was asked how many of these jury trials resulted in verdicts for the Government. He said, "Slightly under 40 per cent of the jury trials are won, under present conditions."

This law, the World War veterans' act, gives the petitioner a right to a jury trial. If he is allowed to keep the right to a jury trial, he should be allowed the same right that any litigant has in a jury trial in any jurisdiction known to the history of this Nation. We should not compel him to give the names and addresses of his witnesses and the testimony which those witnesses will give.

General Hines, before the Committee on Military Affairs, after stating that the Government won slightly under 40 per cent of these cases, and in suggesting that language of this kind be enacted into law, was asked certain questions by me. I am quoting from his own testimony. He said:

I think we are having better results, and we are having better results since we placed men in the field specializing on this rather than sending them out from Washington or trusting to their dual duties as regional attorneys to act in the trial of insurance suits alone.

Then I asked him:

But notwithstanding the fact that you are having better results under those features, you feel it would be better to limit testimony in the prosecution of these claims, so that nothing could be gone into except what had already been brought to the attention of the department.

And General Hines said:

At least, that we would have a list of all the witnesses that are going to be called and as much evidence as those witnesses could produce.

Let me quote further from the record:

Mr. ROGERS. You mean by that you would accomplish more by having a list of the witnesses that would be called by the plaintiff?

General HINES. Yes. I feel if we had that opportunity, it would be up to us to develop the evidence.

[Here the gavel fell.]

Mr. ROGERS. Mr. Chairman, I ask unanimous consent to proceed for one additional minute.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. ROGERS. I wish to complete reading General Hines's testimony. I then asked him:

You do not mean that you should be notified what they are going to testify?

And he said:

No, sir; I think our field examiners should obtain that.

Mr. HERR. Mr. Chairman, will the gentleman yield?

Mr. ROGERS. I yield.

Mr. HERR. Is it not a fact that this same bureau employs people who investigate these cases? They collect their evidence; they keep it in the files. The attorney can not look at it, but this bill permits them to get the attorney's case.

Mr. ROGERS. These suits are tried as the result of insurance contracts, and recognized rules of evidence must prevail.

[Here the gavel fell.]

Mr. JOHNSON of South Dakota. Mr. Chairman, I rise in opposition to the amendment.

Mr. LA GUARDIA. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. LA GUARDIA. Would it not be possible to get a vote on the Bulwinkle amendment and the Browning amendment which take the whole subject out of the bill? If either amendment is agreed to, that is the end of it. If it is not agreed to, then the House can vote on the other amendments. I make this suggestion in the interest of saving time.

The CHAIRMAN. If that is presented as a parliamentary inquiry, all the Chair can inform the gentleman is that if the Members would refrain from offering further amendments, it could be done.

Mr. LA GUARDIA. Mr. Chairman, when the time of the gentleman from South Dakota expires, I am going to present a unanimous-consent request to bring that about if possible.

Mr. JOHNSON of South Dakota. Mr. Chairman, I rise in opposition to the amendment. Before I discuss the proposition I should like to have the attention of the gentleman from Alabama. I will say to the gentleman from Alabama [Mr. McDUFFIE] that it might be well to have a unanimous-consent agreement that we may settle this debate, because if the amendment of the gentleman from Tennessee [Mr. BROWNING], or the motion of the gentleman from North Carolina [Mr. BULWINKLE] is adopted, it will shorten this debate by many, many hours.

Mr. KVALE. Will the gentleman yield?

Mr. JOHNSON of South Dakota. I have but four minutes. I will yield for a brief question.

Mr. KVALE. Mr. Chairman, could not the gentleman from New Hampshire [Mr. ROGERS] ask the unanimous consent temporarily to withdraw his amendment, and let us decide it at this time?

Mr. JOHNSON of South Dakota. Mr. Chairman, I would be glad to yield to the gentleman from New Hampshire to ask unanimous consent to withdraw his amendment temporarily or, if I may be recognized later, I would yield to the chairman of the committee to prefer a unanimous-consent request.

Mr. ROGERS rose.

Mr. McDUFFIE. I yield to the gentleman from New Hampshire to withdraw his amendment.

Mr. ROGERS. Mr. Chairman, I ask unanimous consent to withdraw my amendment temporarily.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BROWNING. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment by Mr. BROWNING: Page 55, line 1, strike out all of Title IX.

Mr. McDUFFIE. Mr. Chairman, I ask unanimous consent that all debate on the pending motion and all amendments thereto do now close.

The CHAIRMAN. Is there objection?

Mr. SCHAFER. Mr. Chairman, I object.

Mr. McDUFFIE. Mr. Chairman, I move that all debate on the pending amendment and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment of the gentleman from North Carolina [Mr. BULWINKLE].

Mr. BROWNING. Mr. Chairman, my amendment was offered as a substitute.

The CHAIRMAN. The gentleman can not offer it as a substitute when there is a motion to strike out and substitute.

Mr. STAFFORD. Mr. Chairman, may we have the amendment again reported?

The Clerk again reported the Bulwinkle amendment.

Mr. MAPES. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MAPES. There was some talk about voting on the motion to strike out the title and then, after the vote was had on that motion, to allow perfecting amendments to different sections in the title. However, there was no agreement made in that respect. I should like to ask the Chair whether, if this motion should be voted down, being a motion to strike out the title, the Chair will entertain motions to amend different sections if the point of order is made that such amendments are not in order after voting upon the motion to strike out the title.

The CHAIRMAN. Rule 16, section 7, states:

A motion to strike out and insert is indivisible, but a motion to strike out being lost shall neither preclude amendment nor motion to strike out and insert.

Mr. MAPES. May I ask the Chair this further question? If the motion to strike out the title prevails, I understand the Chair's position to be that he would not entertain a motion to amend the sections.

The CHAIRMAN. If the motion to strike out and insert prevails, then that is the end of Title IX.

Mr. MAPES. Mr. Chairman, a further parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MAPES. If the motion is voted down, then will motions to amend the different sections of the title be in order?

The CHAIRMAN. They will.

Mr. McDUFFIE. Mr. Chairman, if the motion to strike out the entire title is not carried, then a motion to strike out each section as we reach it would be in order, as I understand it?

The CHAIRMAN. The gentleman is correct. The question is on the amendment offered by the gentleman from North Carolina [Mr. BULWINKLE].

The question was taken, and Mr. BULWINKLE demanded a division.

Mr. OLIVER of New York. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. DOUGLAS of Arizona and Mr. BULWINKLE.

The committee divided; and the tellers reported that there were—ayes 211, noes 119.

So the amendment was agreed to.

The Clerk read as follows:

TITLE X—SPECIAL PROVISIONS

SEPARABILITY CLAUSE

SEC. 1001. If any provision of this act, or the application thereof to any person or circumstances, is held invalid, the remainder of the act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

SUSPENSIONS AND REPEALS

SEC. 1002. All acts and parts of acts inconsistent or in conflict with those provisions of this act which are of temporary duration are hereby suspended during the period in which such provisions of this act are in effect. All acts or parts of acts inconsistent or in conflict with those provisions of this act which are of permanent nature are hereby repealed to the extent of such inconsistency or conflict.

Mr. DOUGLAS of Arizona. Mr. Chairman, I move to strike out the last word. When the tax bill was under consideration in this body it was stated categorically and as a matter of fact by members of the Ways and Means Committee that \$200,000,000 would be saved and that therefore the taxes imposed by the provisions then offered would balance the Budget. That imposed upon the Economy Com-

mittee the task of bringing in a measure which would effect the saving which members of the Ways and Means Committee prophetically promised would be saved in order that the Budget be balanced. This House rose as one man and indicated its willingness and its determination to balance the Budget. The Economy Committee has brought in a bill designed to save \$200,000,000 in order that the end sought might be obtained.

I take this occasion to remind the members of the committee exactly what it has done with the bill which the Economy Committee brought in, and to further remind the committee that this action has made impossible the balancing of the Budget under the terms of the revenue act passed by this House.

The Committee of the Whole has left under Title I not more than \$12,000,000. Under Title II it has permitted to remain in the bill not more than \$13,000,000. Under Title III the committee has permitted to remain in the bill approximately \$16,000,000, and under Title VII \$25,000 remains in the bill. In other words, there now remains in the bill of the \$200,000,000 but \$42,314,000, leaving an unbalanced Budget amounting to approximately \$160,000,000.

I ask the members of the committee to bear this in mind: That even the Treasury proposal did not contemplate a factual balancing of the Budget, for it did not take into consideration \$497,000,000 necessary to serve the public debt, and it did include in its estimate of revenue over \$200,000,000 due and payable to the United States on account of war debts, so that neither under the Treasury proposal nor under the sales-tax proposal submitted to this House by the Committee on Ways and Means was it contemplated that the Budget would be balanced during the next fiscal year. They contemplated balancing the Budget in two or three years. Under them the Budget for 1933 was unbalanced in an amount equivalent to approximately three-quarters of a billion dollars, while now the Committee of the Whole has made the matter worse by striking \$160,000,000 out of the economy bill.

Mr. MAY. Will the gentleman yield?

Mr. DOUGLAS of Arizona. Yes.

Mr. MAY. If you have failed by this action of the committee by three-quarters of a billion dollars, where were you going to get the other half billion dollars that this bill did not provide for?

Mr. DOUGLAS of Arizona. The proposal was to balance the Budget during a period of two or three years. That was the original proposition.

[Here the gavel fell.]

Mr. LaGUARDIA. Mr. Chairman, I rise in opposition to the pro forma amendment. The gentleman from Arizona, usually accurate in his statements, to-day in quoting figures is just as inaccurate as a Secretary of the Treasury. [Applause.] The gentleman from Arizona does not know and can not know the revenue which a bill not yet considered by the other body may raise. Every informed Member of this House knows that the estimates given to us by the Treasury Department were low in regard to taxes which the Treasury Department opposed, while as to the taxes we struck out of the bill the estimates of the Treasury Department were very high.

The gentleman from Arizona puts the proposition before this House squarely when he says that Title I as it now stands saves only \$12,000,000 instead of \$67,000,000. That indeed is proof absolute that \$55,000,000 of this proposed saving has to be taken from the pay of the low-paid employees. What an admission!

I know of no better argument than that made by the gentleman from Arizona, one of the sponsors of this bill, to prove that the committee's plan to save \$67,000,000 meant a reduction of the salaries of the lower-paid and under-paid employees of the Government. It has been admitted that 70 per cent of all the pay roll of the Government is in the classes under \$2,500. That is not the way to economize.

Again, we are reminded that this deficit is due in part to the failure of foreign debtors to pay the United States,

and I repeat what I have already stated the other day—it is not fair to make the Government employees pay for that.

The gentleman says the Treasury Department has failed to take into consideration the \$475,000,000 that is our contribution to the sinking fund. It was not done this year, let me remind the gentleman. So much has been said about the balancing of the Budget that I submit that our Budget was unbalanced during three years, and it is humanly, physically, and economically impossible to balance it in one year during a period of depression. [Applause.]

Mr. SWING. Will the gentleman yield?

Mr. LaGUARDIA. Yes.

Mr. SWING. When the revenue bill was here the statement was made that in addition to the revenues raised therein there must be a cut of \$200,000,000 in Government expenditures. After that the Senate established the practice of cutting 10 per cent below the 5 per cent reduction of the House, which would make a total reduction of 15 per cent and a saving of \$600,000,000. Whether this is wise or not I do not say, but I point out the economy or reduction effected of \$600,000,000.

Mr. LaGUARDIA. Yes; and with five different agencies of the Government pecking at appropriations, disregarding each other, and cutting appropriations without any coordination is going to wreck the normal functioning of the Government.

Mr. MAY. Will the gentleman yield?

Mr. LaGUARDIA. Yes.

Mr. MAY. The gentleman has very correctly stated that it is unfair to take this amount of money out of the pockets of the Government employees to balance the Budget.

Mr. LaGUARDIA. Yes.

Mr. MAY. Is it not equally unfair to take it out of the pockets of the soldiers of the country?

Mr. LaGUARDIA. We have not done that. We have stricken that from the bill, and it is going to stay out.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. LaGUARDIA. Yes.

Mr. VINSON of Kentucky. I would like to inquire of the gentleman from New York whether the gentleman from Arizona [Mr. Douglas] included himself in that lecture about men who are against economy when he, the gentleman from Arizona, voted against the merger of the Army and Navy that was estimated to save between \$50,000,000 and \$100,000,000 a year permanently.

Mr. LaGUARDIA. And we are going to put that back in the bill to-day. I predict that, too.

Now, I have only a minute to close, and I want to make this statement. Yesterday we passed an inflation bill. If that bill works as we hope it will, it will increase commodity prices. If commodity prices are increased, we must increase the scale of wages. This is no time to take \$88,000,000 out of circulation when we are seeking to put more money into circulation. Let us be consistent. If we were right yesterday, let us vote down the proposed pay cuts to-day. [Applause.]

Mr. McDUFFIE. Mr. Chairman, if I may have the attention of the committee a moment, I ask unanimous consent to return to page 13 of the bill to offer a committee amendment which will clarify that section.

Mr. SCHAFER. Mr. Chairman, reserving the right to object, I would like to have the amendment reported first.

Mr. McDUFFIE. Mr. Chairman, let me state to the gentleman that on page 13, subsection (b) exempted from the provisions of the section retired emergency officers. I am sure the committee, since its action on Title IX, does not wish to make fish of one and fowl of the other. As to other retired officers, except those who were injured in line of duty, we provide that they can not draw two salaries—one salary from the United States and another for their retired pay; but this does not apply to any officer or any person retired for disability incurred in line of duty. The striking out of the language that "this section shall not apply to retired officers" will leave in the title, "This sec-

tion shall not apply to any officers retired for disability incurred in line of duty."

Mr. SCHAFER. Will the gentleman yield?

Mr. McDUFFIE. Yes.

Mr. SCHAFER. The gentleman well knows that because in the committee an amendment is adopted that it is not the action of the House when we have these record roll-call votes. Why go back now to make a correction to cure some evil which occurred by reason of an amendment adopted in the Committee of the Whole? Why not wait until we really have the evil before us?

Mr. McDUFFIE. We can not go back to it when we get in the House, and I am sure the House wants to correct this language.

Mr. SCHAFER. Then make a motion to recommit and take care of it. I object, Mr. Chairman.

Mr. CHINDBLOM. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CHINDBLOM. Mr. Chairman, did not the House adopt an amendment to the rule under which the Economy Committee might, at any time, offer amendments to any portion of the bill?

Mr. McDUFFIE. That was my understanding.

The CHAIRMAN. The Chair does not so understand.

Mr. McDUFFIE. If I may have the attention of the Chairman a moment, the language introduced was an amendment by the gentleman from Alabama [Mr. Bankhead], which was adopted by the House as a part of the rule and permitted the committee to offer committee amendments, and by direction of that committee any member of the committee might offer such committee amendments at any time during the consideration of the bill.

Mr. SCHAFER. Suppose when we go into the House, on a record roll-call vote, the House votes to retain the veterans' title in the bill. Then, if you vote to retain that title in the bill and you now go back and incorporate the gentleman's amendment, we would have a double economy operation with reference to the retired emergency officers.

Mr. McDUFFIE. I do not think so at all. I think the gentleman is mistaken.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama [Mr. McDuffie]?

Mr. BROWNING. Mr. Chairman, I object.

Mr. RAMSEYER. Mr. Chairman, I move to strike out the last two words.

I want the attention of the committee for a few minutes only. I do not care to talk about what has happened to this economy bill. The committee labored day and night for over eight weeks to effectuate a saving of over \$200,000,000 in order to balance the Budget. That was the task assigned to the Economy Committee. The country is watching the Congress as never before; whether the people will approve the work and recommendations of this committee or the action of this House in slaughtering the committee bill reducing the savings to the Treasury from over \$200,000,000 to about \$35,000,000 only the future will tell.

We have about completed the bill in the Committee of the Whole. When we get back into the House there will be separate votes on amendments adopted in the Committee of the Whole. After those amendments are disposed of and the bill has been engrossed and read the third time, two motions to recommit under the special rule will be in order. It is understood and agreed that I am to be recognized to make one of those motions.

On last Thursday I offered an amendment substituting the furlough plan for the pay-cut plan. This amendment, if made law, would save \$75,000,000 for the next fiscal year. Besides saving more money than the pay-cut plan it will by staggering employment cause the discharge of fewer employees. This plan is both more economical and more humane. The following tables set forth clearly the situation relative to the two plans:

Estimated number of employees who will have to be discharged if the present Senate policy of reducing appropriations 10 per cent below the amounts passed by the House of Representatives prevails and savings effected by the furlough system or pay cut are not available to apply in absorbing, in part at least, such reductions

Department	Perma- nent	Tempo- rary	Prospec- tive tem- porary ¹	Total
Agriculture.....	1,518	2,872		4,470
Commerce.....	1,785	278	528	2,591
Interior.....	723	145	1,135	2,003
Justice.....	900			900
Labor.....	616			616
Navy.....	9,000			9,000
Post Office ²	41,792			41,792
Treasury.....	6,000	80	92	6,172
State.....	456			456
War.....	5,800	1,800		7,600
District of Columbia.....	957	326		1,283
Veterans' Administration.....	4,000			4,000
Interstate Commerce Commission.....	289			289
General Accounting Office.....	245	5		250
Public Buildings and Grounds.....	200	38	83	321
Total.....	74,361	5,544	1,838	81,743

¹ Includes those who would be taken on if reductions were not made.

² See details on following sheet.

Statement showing number of regular employees in the Postal Service and the estimated number of employees who would be dropped under the proposed 10 per cent reduction in appropriations for the fiscal year 1933

Branch of service	Estimated number to be dropped	Present number of regular employees
Post Office Department.....	145	1,450
Inspection service.....	67	664
First and second class postmasters.....		4,688
Third class postmasters.....		10,800
Fourth class postmasters.....		32,870
Assistant postmasters.....	1,009	2,776
Clerks, etc., first and second class offices.....	9,910	76,520
City letter carriers.....	118,417	53,014
Village carriers.....	1,008	1,008
Rural carriers.....	18,000	41,597
Railway postal clerks, etc.....	2,200	21,211
Motor vehicle service.....	344	3,818
Mail-bag repair shops.....	42	421
Miscellaneous.....	50	238
Total.....	41,792	251,075

¹ Reduced to substitute roll.

² This number will be dropped altogether. In addition, approximately 9,000 will be placed on triweekly instead of daily service.

The motion to recommit will be the same motion as I presented last Thursday as a substitute to the pay-cut plan. There will be a provision added to strike section 207 of Title II of the economy bill. This section suspended for the fiscal year 1933 extra compensation for overtime work, night work, and work on Sundays and holidays. Striking this section will leave the law for overtime work, and so forth, unchanged.

My main purpose in seeking recognition at this time was to inform Members of the House just what the motion to recommit would be so they could vote with full knowledge of its contents.

Mr. MEAD. Will the gentleman consider the elimination of section 107, safeguarding the rural letter carriers, and place them with the rest of the postal group in section 101?

Mr. RAMSEYER. Representatives of the rural carriers this forenoon suggested to me some changes. I asked them to prepare and submit their amendment by the middle of the afternoon and that it would be considered. They agreed to do so, but I have not seen them or heard from them since.

Mr. LAGUARDIA. Will the gentleman bring about in his motion to recommit the exemption of the \$2,000?

Mr. RAMSEYER. Personally I think an exemption of \$1,500 is high enough. It will both save more money and lessen unemployment. When will Members of this House learn—what the whole country knows—that this country is in the greatest emergency of our history? The people from one end of the land to the other expect Members of Congress to be courageous and to bring about substantial retrenchment in public expenditures.

Mr. McDUFFIE. Mr. Chairman, may I be permitted to say that it is regrettable that any Members of this House should feel that they are being lectured on account of any vote that they may have cast. This committee has no personal feeling about this matter whatsoever. It was a burdensome task that we assumed and we found no pleasure in it whatever. We have submitted the program to you gentlemen, and it is entirely your responsibility. We have no desire to lecture anybody. I hope no one feels that there is the slightest personal feeling on the part of any member of the committee as to what you have done, because such is not the case. We have discharged our duty. We have brought here a bill which I think if adopted would have saved the taxpayers of the country more than \$200,000,000 at a time when it is needed more than at any time in the history of our great Nation. Be it remembered that this program could have in no wise impaired the efficiency of the Government but involved only those things which we can deny ourselves at a time like this.

We have a salary payroll of \$1,315,000,000, and you will reduce it only \$12,000,000 under the amendment you adopted. Think of it. Only \$12,000,000. Nearly every nation, as well as our own States, has cut the salaries of its employees. Some States have cut 33 1/3 per cent. Business and industries everywhere have made a flat cut of 10 per cent from the top to the bottom. The railway employees, 2,000,000 in number, have accepted a 10 per cent cut. The schools, hospitals, and even the churches have done likewise.

Let me read in this connection a few words from some of those who pay taxes that pay these salaries. Have we no regard for them? Listen to this:

The galleries and the Halls of Congress may be filled with cheering Federal employees, but don't forget, if you want to hear the cheers that count, get the home cheers that fill the ballot box for you. How about it?

The voters expect economy—

That was received in the mail, and it is characteristic of many communications which have come over the desks of the members of the Economy Committee. We are to have presented a furlough plan of the President. The furlough plan is a pay cut—I do not care what you call it. You may call it a staggering system or a furlough system. It means in the last analysis a reduction of wages. How can we go on at a pre-war rate in personnel and wages? Surely this Government does not need all the services we now enjoy. I can not believe that 80,000 or 100,000 employees will be discharged from the pay roll of the Government and that this furlough plan will save that number their jobs. If you propose to save that number under your furlough plan, you are not going to save any money for the Public Treasury, because if you put some one in the place of the man who is furloughed you have to pay him. Therefore, I fail yet to find the saving that is promised under the staggering plan, whereas under this system, which does not hurt anybody which every man who is fortunate enough to be on the pay roll of Uncle Sam at a time like this should welcome as a patriotic duty, we do cut the small sum of \$12,000,000, only 5 per cent reduction, in the salaries of the Federal employees. This is a sham and a farce. I can not support it. The honest, manly, and courageous way to deal with this pay cut or reduction problem is to apply a 10 per cent reduction on all Federal salaries from the highest to the lowest. The cost of living has been reduced more than this percentage. The fortunate Federal employee had better take this cut now, lest the next Congress come with a mandate to cut more. Without being presumptuous let me warn you gentleman of the consequences of a vote against economies in government. The people are demanding a greater reduction than we have proposed. Any man who has a job with Uncle Sam, especially here in Washington, who may work for 221 days in a year and get paid for 365, is a very fortunate citizen. I beg you to weigh well what you are doing.

The CHAIRMAN. The time of the gentleman has expired. All time has expired. Under the rule the committee will now rise.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. WARREN, Chairman of the Commit-

tee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 11267, the legislative appropriation bill, and pursuant to the provisions of House Resolution 203, he reported the same back to the House with sundry amendments adopted in the Committee of the Whole, including the amendment of the Economy Committee and the amendments adopted thereto.

The SPEAKER. Under the provisions of the rule, the previous question is ordered on all amendments and the bill to final passage. To dispose of the various amendments to the bill in an orderly way, the Chair thinks that the amendments to the legislative appropriation bill proper should first be disposed of. Then the Chair thinks that the Economy Committee amendment and amendments thereto should be disposed of. Is a separate vote demanded on any amendment to the legislative appropriation bill proper? If not, the Chair will put them en bloc. The question is on agreeing to the amendments to the legislative bill proper.

The amendments to the legislative bill proper were agreed to.

The SPEAKER. Is a separate vote demanded on any amendment to the Economy Committee amendment?

Mr. McDUFFIE. Mr. Speaker, I demand a separate vote on the amendment to section 102, offered by the gentleman from New York [Mr. O'CONNOR] and modified by the gentleman from Illinois [Mr. BRITTON] raising the exemption to \$2,500.

Mr. O'CONNOR. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. O'CONNOR. My amendment was to raise the exemption to \$2,000, an increase over the \$1,000 carried in the original economy amendment. The amendment of the gentleman from Illinois was to increase the sum in my amendment to \$2,500. If a vote is taken on the \$2,500 amendment and that is defeated, as I understand it, then the exemption remains at \$1,000. Is there any chance for a vote then on my amendment to raise that to \$2,000?

The SPEAKER. There is not.

Mr. McDUFFIE. Mr. Speaker, I demand a separate vote upon the McCormack amendment to section 105-A, 105-B, relative to the half holiday. Also a separate vote upon the amendment to section 301, the amendment of the gentleman from Georgia [Mr. VINSON], involving the transfer of appropriations. Also a separate vote is demanded upon the amendment to sections 308 to 313, the Barbour amendment, involving the transport service. Also on the amendment to Title VI, the Martin amendment, striking out the Army and Navy consolidation. A separate vote is also demanded on the amendment to Title IX, on the motion of the gentleman from North Carolina [Mr. BULWINKLE] to strike out Title IX.

The SPEAKER. Is a separate vote demanded on any other amendment?

Mr. LaGUARDIA. Mr. Speaker, I demand a separate vote on the whole amendment to the appropriation bill.

The SPEAKER. That has to be adopted by the House when all the other amendments are disposed of. Is a separate vote demanded on any other amendment? If not, the Chair will put them en gros. The question is on the other amendments to the Economy Committee amendment.

The question was taken, and the amendments were agreed to.

The SPEAKER. The Clerk will report the first amendment on which a separate vote is demanded.

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR: Page 2, lines 14, 16, and 17, strike out the figures "\$1,000" and insert in lieu thereof the figures: "\$2,500."

The SPEAKER. The question is on agreeing to the amendment.

Mr. McDUFFIE. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

Mr. TABER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. TABER. As I understand, a vote "yea" is in favor of increasing the exemption to \$2,500, and a vote "nay" is in favor of keeping it as it was in the bill?

The SPEAKER. The gentleman is correct.

The question was taken; and there were—yeas 239, nays 154, not voting 38, as follows:

[Roll No. 62]

YEAS—239

Adkins	Doutrich	Kvale	Rogers, N. H.
Allen	Dowell	LaGuardia	Rudd
Almon	Eaton, Colo.	Lambertson	Sanders, N. Y.
Amle	Eaton, N. J.	Lamneck	Sandlin
Andrew, Mass.	Englebright	Lankford, Ga.	Schafer
Arentz	Erk	Lankford, Va.	Schneider
Arnold	Estep	Larsen	Schuetz
Auf der Heide	Evans, Mont.	Leavitt	Seger
Bacon	Fernandez	Lehlbach	Seiberling
Baldrige	Fiesinger	Lichtenwainer	Selvig
Barbour	Finley	Lindsay	Shannon
Barton	Fish	Linthicum	Shott
Beam	Fishburne	Loneragan	Shreve
Beedy	Fitzpatrick	Loofbourow	Sinclair
Black	Flannagan	Lovette	Sirovich
Bloom	Foss	McClintock, Ohio	Smith, Idaho
Bohn	Frear	McCormack	Smith, Va.
Boileau	Gambrill	McFadden	Smith, W. Va.
Boland	Garrett	McLaughlin	Snow
Bowman	Gasque	McLeod	Somers, N. Y.
Briggs	Gavagan	McMillan	Spence
Britten	Gibson	McSwain	Stalker
Brumm	Gifford	Maas	Stewart
Brunner	Gilchrist	Major	Stokes
Buckbee	Golder	Maloney	Strong, Kans.
Burdick	Goldsborough	Martin, Mass.	Strong, Pa.
Butler	Goodwin	Martin, Oreg.	Sullivan, N. Y.
Campbell, Iowa	Goss	Mead	Summers, Wash.
Campbell, Pa.	Granfield	Millard	Summers, Tex.
Carley	Greenwood	Moore, Ky.	Sutphin
Carter, Calif.	Griffin	Mouser	Swanson
Carter, Wyo.	Haines	Nelson, Me.	Sweeney
Cary	Hall, Ill.	Nelson, Mo.	Swick
Celler	Hall, N. Dak.	Nelson, Wis.	Swing
Chavez	Hardy	Niedringhaus	Taylor, Colo.
Chilperfield	Harlan	Nolan	Temple
Christgau	Hartley	Norton, N. J.	Thomason
Clancy	Haugen	O'Connor	Thurston
Cochran, Mo.	Hawley	Oliver, N. Y.	Tierney
Cochran, Pa.	Hess	Overton	Tinkham
Cole, Md.	Hill, Wash.	Owen	Treadway
Colton	Holmes	Palmisano	Turpin
Condon	Horr	Parker, Ga.	Underwood
Connery	Houston, Del.	Parsons	Watson
Connolly	Hull, William E.	Partridge	Welch, Calif.
Cooke	Jacobsen	Patman	Welsh, Pa.
Coyle	James	Patterson	West
Crail	Jenkins	Peavey	White
Crosser	Johnson, Mo.	Persson	Whitley
Crowther	Kading	Pettengill	Wigglesworth
Crump	Kahn	Pittenger	Williams, Tex.
Culkin	Karch	Prall	Wilson
Cullen	Keller	Pratt, Harcourt J.	Withrow
Curry	Kelly, Ill.	Ragon	Wolcott
Dallinger	Kelly, Pa.	Ramspeck	Wolfenden
Delaney	Kennedy	Ransley	Wolverton
De Priest	Kerr	Reed, N. Y.	Wyant
Dickstein	Kinzer	Reid, Ill.	Yates
Disney	Kopp	Robinson	Yon
Douglass, Mass.	Kurtz	Rogers, Mass.	

NAYS 154

Aldrich	Collins	Gregory	McClintic, Okla.
Allgood	Cooper, Ohio	Guy	McDuffie
Andresen	Cooper, Tenn.	Hadley	McGugin
Andrews, N. Y.	Cox	Hall, Miss.	McKeown
Ayres	Crisp	Hancock, N. Y.	McReynolds
Bacharach	Cross	Hancock, N. C.	Magrady
Bachmann	Darrow	Hare	Manlove
Bankhead	Davenport	Hart	Mansfield
Beck	Davis	Hastings	Mapes
Bland	DeRouen	Hill, Ala.	May
Blanton	Dickinson	Hoch	Michener
Bolton	Dies	Hogg, W. Va.	Miller
Brand, Ga.	Dominick	Holaday	Milligan
Brand, Ohio	Doughton	Hooper	Mitchell
Browning	Douglas, Ariz.	Hope	Mobley
Buchanan	Doxey	Hopkins	Montague
Bulwinkle	Drewry	Howard	Montet
Burch	Driver	Huddleston	Morehead
Burtess	Dyer	Hull, Morton D.	Morton, Nebr.
Busby	Elzey	Johnson, Okla.	Oliver, Ala.
Byrns	Eslick	Johnson, S. Dak.	Parker, N. Y.
Cable	Evans, Calif.	Johnson, Tex.	Parks
Cannon	Free	Johnson, Wash.	Perkins
Carden	French	Jones	Polk
Cartwright	Fulbright	Ketcham	Pratt, Ruth
Chindblom	Fuller	Kniffin	Raney
Christopherson	Fulmer	Knutson	Ramseyer
Clague	Garber	Lambeth	Rankin
Clark, N. C.	Gilbert	Lanham	Rayburn
Clarke, N. Y.	Glover	Lozier	Reilly
Cole, Iowa	Green	Luce	Rich

Sanders, Tex.
Shallenberger
Simmons
Snell
Sparks
Stafford
Steagall
Stevenson

Swank
Taber
Tarver
Taylor, Tenn.
Thatcher
Tilson
Timberlake
Underhill

Vinson, Ga.
Vinson, Ky.
Warren
Wason
Weaver
Weeks
Whittington
Williams, Mo.

NOT VOTING—38

Abernethy
Boehne
Boylan
Canfield
Cavicchia
Chapman
Chase
Collier
Corning
Crowe

Dieterich
Drane
Freeman
Gillen
Griswold
Hogg, Ind.
Hollister
Hornor
Igoe
Jeffers

Johnson, Ill.
Kemp
Kendall
Kleberg
Kunz
Larrabee
Lea
Lewis
Ludlow
Moore, Ohio

Murphy
Pou
Purnell
Romjue
Sabath
Sullivan, Pa.
Tucker
Wood, Ind.

So the amendment was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Kendall (for) with Mr. Chapman (against).
Mr. Larrabee (for) with Mr. Pou (against).
Mr. Boylan (for) with Mr. Hollister (against).

General pairs until further notice:

Mr. Gillen with Mr. Purnell.
Mr. Griswold with Mr. Canfield.
Mr. Kleberg with Mr. Wood of Indiana.
Mr. Boehne with Mr. Sullivan of Pennsylvania.
Mr. Abernethy with Mr. Murphy.
Mr. Crowe with Mr. Hogg of Indiana.
Mr. Corning with Mr. Moore of Ohio.
Mr. Tucker with Mr. Cavicchia.
Mr. Ludlow with Mr. Freeman.
Mr. Sabath with Mr. Chase.
Mr. Dieterich with Mr. Johnson of Illinois.
Mr. Lea with Mr. Collier.
Mr. Lewis with Mr. Jeffers.
Mr. Hornor with Mr. Drane.
Mr. Igoe with Mr. Kemp.

Mr. CULLEN. Mr. Speaker, my colleague, the gentleman from New York, Mr. BOYLAN, is seriously ill in a hospital in Washington. If he were present he would vote "yea," and I desire to have the RECORD so show.

Mr. JENKINS. Mr. Speaker, is the gentleman from Ohio, Mr. MOORE, recorded as voting?

The SPEAKER. The gentleman voted "nay."

Mr. JENKINS. The gentleman from Ohio, Mr. MOORE, is not here. I think the gentleman from Missouri, Mr. MANLOVE, voted "nay" when the gentleman's name was called.

Mr. SEGER. Mr. Speaker, my colleague the gentleman from New Jersey, Mr. CAVICCHIA, is unavoidably detained. Had he been here he would have voted "yea."

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the next amendment, upon which a separate vote is demanded.

The Clerk read as follows:

Amendment by Mr. MCCORMACK of Massachusetts: Page 4, strike out lines 13 and following down through line 4 on page 5.

Mr. CONNERY. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CONNERY. A vote "yea" on this amendment is in favor of the McCormack amendment?

The SPEAKER. A vote "yea" on this amendment is in favor of the McCormack amendment, and a vote "nay" is against it; certainly.

Mr. McDUFFIE. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 267, nays 132, not voting 32, as follows:

[Roll No. 63]

YEAS—267

Adkins
Allen
Almon
Amle
Andrews, N. Y.
Arentz
Arnold
Auf der Heide
Bachmann
Bacon
Baldrige
Barbour

Barton
Beam
Beedy
Black
Bland
Bloom
Bohn
Boileau
Boland
Bolton
Bowman
Briggs

Britten
Brumm
Brunner
Buchanan
Buckbee
Burch
Burdick
Burtness
Butler
Cable
Campbell, Pa.
Carley

Carter, Calif.
Carter, Wyo.
Cary
Cavicchia
Celler
Chavez
Chipfield
Christgau
Cochran, Mo.
Cochran, Pa.
Cole, Md.
Colton

Condon
Connery
Connolly
Cooke
Cooper, Ohio
Coyle
Crall
Crisp
Cross
Crosier
Crowther
Crump
Culkin
Cullen
Curry
Dallinger
Davenport
Delaney
De Priest
DeRoven
Dickstein
Dies
Disney
Douglass, Mass.
Doutrich
Dowell
Dyer
Eaton, N. J.
Englebright
Erk
Estep
Evans, Calif.
Evans, Mont.
Fernandez
Flesinger
Finley
Fish
Fishburne
Fitzpatrick
Flannagan
Foss
Frear
Free
Fulbright
Gambrell
Garrett
Gavagan
Gifford
Glover
Golder
Goldsborough
Goodwin
Goss
Granfield
Greenwood

Williamson
Wingo
Wood, Ga.
Woodruff
Woodrum
Wright

Griffin
Hadley
Haines
Hall, Ill.
Hall, Miss.
Hancock, N. Y.
Hardy
Harlan
Hart
Hartley
Hess
Hill, Ala.
Hill, Wash.
Hogg, W. Va.
Holmes
Hooper
Hope
Hopkins
Horr
Hull, Morton D.
Hull, William E.
Jacobsen
James
Jenkins
Johnson, Tex.
Johnson, Wash.
Kading
Kahn
Karch
Keller
Kelly, Ill.
Kelly, Pa.
Kemp
Kennedy
Kerr
Kinzer
Knutson
Kurtz
Kvale
LaGuardia
Lambertson
Lamneck
Lanham
Lankford, Ga.
Lankford, Va.
Leavitt
Lehlbach
Lewis
Lichtenwalner
Lindsay
Linthicum
Lonergan
Loofbourow
McClintock, Ohio
McCormack

McFadden
McGugin
McKeown
McReynolds
Maas
Magrady
Major
Maloney
Manlove
Mapes
Martin, Mass.
Martin, Oreg.
Mead
Millard
Mobley
Montague
Montet
Moore, Ky.
Mouser
Nelson, Me.
Nelson, Wis.
Niedringhaus
Nolan
Norton, N. J.
O'Connor
Oliver, N. Y.
Overton
Owen
Palmsano
Parker, Ga.
Parsons
Partridge
Patman
Patterson
Peavey
Perkins
Person
Pettengill
Pittenger
Prall
Pratt, Ruth
Ragon
Ramspeck
Ransley
Reed, N. Y.
Reid, Ill.
Reilly
Rich
Rogers, N. H.
Romjue
Rudd
Sanders, N. Y.
Sandlin
Schafer
Schneider

NAYS—132

Aldrich
Allgood
Andresen
Andrew, Mass.
Bacharach
Bankhead
Beck
Blanton
Brand, Ga.
Brand, Ohio
Browning
Bulwinkle
Busby
Byrns
Campbell, Iowa
Cannon
Carden
Cartwright
Chindblom
Christopherson
Clague
Clancy
Clark, N. C.
Clarke, N. Y.
Cole, Iowa
Collins
Cooper, Tenn.
Cox
Darrow
Davis
Dickinson
Dominick
Doughton

Douglas, Ariz.
Doxey
Drewry
Driver
Eaton, Colo.
Elzey
Eslick
French
Fuller
Fulmer
Garber
Gasque
Gibson
Gilbert
Gilchrist
Green
Gregory
Guyer
Hall, N. Dak.
Hancock, N. C.
Hare
Hastings
Haugen
Hawley
Hoch
Holaday
Houston, Del.
Howard
Huddleston
Johnson, Mo.
Johnson, Okla.
Johnson, S. Dak.
Jones

Ketcham
Kniffin
Kopp
Lambeth
Larsen
Lovette
Lozier
Luce
McClintock, Okla.
McDuffie
McLaughlin
McLeod
McMillan
McSwain
Mansfield
May
Michener
Miller
Milligan
Mitchell
Moore, Ohio
Morehead
Morse, Mo.
Norton, Nebr.
Oliver, Ala.
Parker, N. Y.
Parks
Polk
Pratt, Harcourt J.
Purnell
Rainey
Ramseyer
Rankin

NOT VOTING—32

Abernethy
Ayres
Boehne
Boylan
Canfield
Chapman
Chase
Collier

Corning
Crowe
Dieterich
Drane
Freeman
Gillen
Griswold
Hogg, Ind.

Hollister
Hornor
Igoe
Jeffers
Johnson, Ill.
Kendall
Kleberg
Kunz

Larrabee
Lea
Ludlow
Murphy
Pou
Sabath
Sullivan, Pa.
Tucker

So the amendment was agreed to.

The Clerk announced the following pairs:

Mr. Kendall (for) with Mr. Chapman (against).
Mr. Boylan (for) with Mr. Hollister (against).
Mr. Dieterich (for) with Mr. Pou (against).

General pairs:

Mr. Sabath with Mr. Chase.
Mr. Ludlow with Mr. Freeman.
Mr. Crowe with Mr. Hogg of Indiana.
Mr. Abernethy with Mr. Murphy.
Mr. Boehne with Mr. Sullivan of Pennsylvania.
Mr. Tucker with Mr. Johnson of Illinois.
Mr. Lea with Mr. Collier.
Mr. Hornor with Mr. Drane.
Mr. Corning with Mr. Kleberg.
Mr. Griswold with Mr. Canfield.
Mr. Larrabee with Mr. Jeffers.
Mr. Gillen with Mr. Ayres.
Mr. Igoe with Mr. Kunz.

Mr. CULLEN. Mr. Speaker, my colleague, the gentleman from New York, Mr. BOYLAN, is seriously ill in a hospital in Washington. If he were present, he would vote "yea."

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the next amendment.

The Clerk read as follows:

Amendment offered by Mr. VINSON of Georgia: On page 14, beginning with line 11, strike all of section 301.

Mr. VINSON of Georgia. Division, Mr. Speaker.

Mr. WOODRUFF and Mr. DYER asked for the yeas and nays.

The yeas and nays were ordered.

Mr. WOODRUFF. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. WOODRUFF. This is the amendment that provides for the consolidation of the Army and Navy.

The SPEAKER. The amendment was reported a moment ago and the gentleman from Michigan demanded the yeas and nays. Evidently he knew what it was.

Mr. WOODRUFF. Mr. Speaker, I think the House should know what it is voting on. There is so much confusion, I could not hear the amendment, although I was listening.

Mr. BYRNS. Mr. Speaker, I demand the regular order.

The SPEAKER. The regular order is the roll call.

Mr. WOODRUFF. This amendment provides for the consolidation of the Army and Navy?

Mr. VINSON of Georgia. This is not that amendment.

The SPEAKER. The gentleman asked for the yeas and nays, and the yeas and nays were ordered.

The question was taken; and there were—yeas 209, nays 183, not voting 39, as follows:

[Roll No. 64]

YEAS—209

Allgood	Davis	Hancock, N. C.	McKeown
Amie	Delaney	Hart	McMillan
Arnold	De Priest	Hastings	McReynolds
Ayres	De Rouen	Hill, Ala.	McSwain
Barton	Dickinson	Hoch	Maas
Beam	Dickstein	Holaday	Major
Black	Dies	Hope	Maloney
Bland	Disney	Howard	Mansfield
Blanton	Dominick	Jacobsen	May
Bloom	Doughton	James	Mead
Bolleau	Douglass, Mass.	Johnson, Mo.	Miller
Boland	Doxey	Johnson, Tex.	Mitchell
Brand, Ga.	Drewry	Jones	Mobley
Britten	Driver	Kading	Montague
Browning	Ellzey	Karch	Montet
Brunner	Eslick	Keller	Moore, Ky.
Buchanan	Estep	Kelly, Ill.	Morehead
Bulwinkle	Fernandez	Kelly, Pa.	Nelson, Mo.
Burch	Fiesinger	Kemp	Norton, Nebr.
Busby	Fishburne	Kennedy	Norton, N. J.
Byrns	Fitzpatrick	Kerr	O'Connor
Campbell, Iowa	Flannagan	Kniffin	Oliver, N. Y.
Cannon	Frear	Kunz	Overton
Carden	Fulbright	Kvale	Parker, Ga.
Carley	Fuller	LaGuardia	Parks
Carter, Wyo.	Fulmer	Lambertson	Parsons
Cartwright	Gambrill	Lambeth	Patman
Cary	Garber	Lamneck	Patterson
Chavez	Garrett	Lanham	Peavey
Christgau	Gasque	Lankford, Ga.	Perkins
Cochran, Mo.	Gavagan	Larsen	Polk
Cole, Md.	Gilchrist	Leavitt	Prall
Collins	Glover	Lichtenwainer	Ragon
Condon	Goldsborough	Lindsay	Rainey
Connelly	Goss	Loneragan	Ramspeck
Connolly	Granfield	Loofbourow	Rankin
Cooper, Tenn.	Green	Lozier	Ransley
Crisp	Greenwood	McClintic, Okla.	Rayburn
Cross	Gregory	McClintock, Ohio	Reilly
Crosser	Guyer	McCormack	Rogers, N. H.
Crump	Haines	McFadden	Romjue
Cullen	Hall, Miss.	McGugin	Rudd

Sanders, Tex.
Schafer
Schneider
Schuetz
Selvig
Shallenberger
Shannon
Simmons
Sinclair
Sirovich
Smith, Va.

Smith, W. Va.
Somers, N. Y.
Sparks
Spence
Stafford
Steagall
Stewart
Sullivan, N. Y.
Summers, Tex.
Sutphin
Swank

Sweeney
Tarver
Thomason
Turpin
Underwood
Vinson, Ga.
Vinson, Ky.
Weaver
West
Whittington
Williams, Mo.

Williams, Tex.
Wingo
Withrow
Wood, Ga.
Wood, Ind.
Woodrum
Wright
Yon

NAYS—183

Adkins	Curry	Johnson, S. Dak.	Sandlin
Aldrich	Dallinger	Johnson, Wash.	Seger
Allen	Darrow	Kahn	Seiberling
Andresen	Davenport	Ketcham	Shott
Andrew, Mass.	Douglas, Ariz.	Kinzer	Shreve
Andrews, N. Y.	Doutrich	Knutson	Smith, Idaho
Arentz	Dowell	Kopp	Snell
Bacharach	Dyer	Kurtz	Snow
Bachmann	Eaton, Colo.	Lankford, Va.	Stalker
Bacon	Eaton, N. J.	Lehlbach	Stevenson
Baldrige	Englebright	Lewis	Stokes
Bankhead	Erk	Linthicum	Strong, Kans.
Barbour	Evans, Calif.	Luce	Strong, Pa.
Beedy	Evans, Mont.	McDuffie	Summers, Wash.
Bohn	Finley	McLaughlin	Swanson
Bolton	Fish	McLeod	Swick
Bowman	Foss	Magrady	Swing
Brand, Ohio	Free	Manlove	Taber
Briggs	French	Mapes	Taylor, Colo.
Brumm	Gibson	Martin, Mass.	Taylor, Tenn.
Buckbee	Gifford	Martin, Oreg.	Temple
Burdick	Gilbert	Michener	Thatcher
Burtness	Golder	Millard	Thurston
Butler	Goodwin	Milligan	Tilson
Cable	Griffin	Moore, Ohio	Timberlake
Campbell, Pa.	Hadley	Mouser	Tinkham
Carter, Calif.	Hall, Ill.	Nelson, Me.	Treadway
Cavochia	Hall, N. Dak.	Nelson, Wis.	Underhill
Celler	Hancock, N. Y.	Nolan	Warren
Chindblom	Hardy	Oliver, Ala.	Wason
Chipherfield	Harlan	Owen	Watson
Christopherson	Hartley	Palmisano	Weeks
Clague	Haugen	Parker, N. Y.	Welch, Calif.
Clancy	Hawley	Partridge	Welsh, Pa.
Clark, N. C.	Hess	Person	White
Clarke, N. Y.	Hill, Wash.	Pettengill	Whitley
Cochran, Pa.	Hogg, W. Va.	Pittenger	Wigglesworth
Cole, Iowa	Holmes	Pratt, Harcourt J.	Williamson
Colton	Hooper	Pratt, Ruth	Willson
Cooke	Hopkins	Ramseyer	Wolcott
Cooper, Ohio	Horr	Reed, N. Y.	Wolfenden
Cox	Houston, Del.	Reid, Ill.	Wolverton
Coyle	Huddleston	Rich	Woodruff
Crail	Hull, Morton D.	Robinson	Wyant
Crowther	Hull, William E.	Rogers, Mass.	Yates
Culkin	Jenkins	Sanders, N. Y.	

NOT VOTING—39

Abernethy	Corning	Hornor	Ludlow
Almon	Crowe	Igoe	Murphy
Auf der Heide	Dieterich	Jeffers	Niedringhaus
Beck	Drane	Johnson, Ill.	Pou
Boehne	Freeman	Johnson, Okla.	Purnell
Boylan	Gillen	Kendall	Sabath
Canfield	Griswold	Kleberg	Sullivan, Pa.
Chapman	Hare	Larrabee	Tierney
Chase	Hogg, Ind.	Lea	Tucker
Collier	Hollister	Lovette	

So the amendment was agreed to.

The Clerk announced the following additional pairs:

On the vote:

Mr. Boylan (for) with Mr. Pou (against).

Mr. Dieterich (for) with Mr. Hollister (against).

General pairs:

Mr. Gillen with Mr. Purnell.
Mr. Sabath with Mr. Chase.
Mr. Ludlow with Mr. Freeman.
Mr. Crowe with Mr. Hogg of Indiana.
Mr. Abernethy with Mr. Murphy.
Mr. Boehne with Mr. Sullivan of Pennsylvania.
Mr. Tucker with Mr. Johnson of Illinois.
Mr. Almon with Mr. Bachmann.
Mr. Hare with Mr. Kendall.
Mr. Auf der Heide with Mr. Lovette.
Mr. Johnson of Oklahoma with Mr. Beck.
Mr. Lea with Mr. Collier.
Mr. Hornor with Mr. Drane.
Mr. Corning with Mr. Kleberg.
Mr. Griswold with Mr. Canfield.
Mr. Larrabee with Mr. Jeffers.
Mr. Chapman with Mr. Tierney.

The SPEAKER. Let the Chair make this statement before announcing the vote. It appears to the Chair there is a great deal of confusion on account of the fact that Members do not know really what amendment they are voting on. If it is agreeable to the House, and unless there is some objection, the Chair will request the other amend-

ments to be reported so the House will know what it is voting on.

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the next amendment.

The Clerk read as follows:

Amendment by Mr. BARBOUR: Page 19, line 19, strike out sections 308, 309, 310, 311, 312, and 313 down to and including line 8 on page 23.

Mr. McDUFFIE. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 297, nays 98, not voting 36, as follows:

[Roll No. 65]

YEAS—297

Adkins	Dickstein	Kinzer	Ransley
Aldrich	Dies	Kniffin	Reed, N. Y.
Allen	Dominick	Knutson	Robinson
Allgood	Douglas, Mass.	Kopp	Rogers, Mass.
Almon	Doutrich	Kunz	Rogers, N. H.
Amle	Doxey	Kurtz	Romjue
Andresen	Driver	Kvale	Rudd
Andrews, N. Y.	Eaton, Colo.	LaGuardia	Sanders, N. Y.
Arentz	Eaton, N. J.	Lambertson	Sanders, Tex.
Arnold	Ellzey	Lambeth	Schafer
Auf der Heide	Englebright	Lamneck	Schneider
Bacharach	Erk	Lanham	Schuetz
Bachmann	Eslick	Lankford, Ga.	Seger
Barbour	Estep	Lankford, Va.	Selvig
Beam	Fernandez	Larsen	Shannon
Beedy	Flesinger	Leavitt	Shott
Black	Finley	Lehlbach	Shreve
Bloom	Fish	Lichtenwalner	Simmons
Bohn	Fishburne	Lindsay	Sinclair
Bolleau	Fitzpatrick	Linthicum	Sirovich
Boland	Foss	Loneragan	Smith, Idaho
Bolton	Frear	Loofbourow	Smith, W. Va.
Brand, Ga.	French	Lovette	Snell
Brand, Ohio	Fulbright	Lozier	Snow
Briggs	Fuller	Luce	Somers, N. Y.
Britten	Gambrill	McCormack	Spence
Browning	Garrett	McFadden	Stalker
Brumm	Gasque	McKeown	Steagall
Brunner	Gavagan	McLaughlin	Stewart
Buckbee	Gibson	McLeod	Strong, Pa.
Burdick	Gifford	McMillan	Sullivan, N. Y.
Burness	Gilchrist	McReynolds	Sutphin
Butler	Golder	Maas	Swank
Campbell, Iowa	Goldsborough	Magrady	Sweeney
Campbell, Pa.	Goodwin	Major	Swick
Carden	Goss	Maloney	Swing
Carley	Granfield	Manlove	Taber
Carter, Calif.	Green	Mansfield	Tarver
Carter, Wyo.	Greenwood	Mapes	Taylor, Colo.
Cary	Gregory	Martin, Oreg.	Temple
Cavichia	Griffin	May	Thatcher
Celler	Haines	Mead	Thurston
Chavez	Hall, Ill.	Millard	Tierney
Chiperfield	Hall, Miss.	Mitchell	Tilson
Christgau	Hall, N. Dak.	Montet	Treadway
Christopherson	Hancock, N. Y.	Moore, Ky.	Turpin
Claue	Hardy	Nelson, Me.	Underwood
Clancy	Harlan	Nelson, Mo.	Vinson, Ga.
Clarke, N. Y.	Hart	Nelson, Wis.	Vinson, Ky.
Cochran, Mo.	Hartley	Niedringhaus	Watson
Cochran, Pa.	Hastings	Nolan	Welch, Calif.
Cole, Md.	Haugen	Norton, N. J.	Welsh, Pa.
Colton	Hawley	O'Connor	West
Condon	Hess	Oliver, Ala.	White
Connery	Hill, Ala.	Oliver, N. Y.	Whitley
Connolly	Hill, Wash.	Overton	Whittington
Cooke	Holmes	Owen	Wigglesworth
Cooper, Tenn.	Hooper	Palmisano	Williams, Mo.
Coyle	Hopkins	Parker, Ga.	Williams, Tex.
Crail	Howard	Parker, N. Y.	Wilson
Crisp	Hull, William E.	Parks	Wingo
Crosser	Jacobsen	Partridge	Withrow
Crowther	James	Patman	Wolcott
Crump	Johnson, Mo.	Patterson	Wolfenden
Culkin	Johnson, S. Dak.	Peavey	Wolverton
Cullen	Johnson, Tex.	Perkins	Wood, Ga.
Curry	Kading	Person	Woodruff
Dallinger	Karch	Pettengill	Woodrum
Darrow	Keller	Pittenger	Wright
Davenport	Kelly, Ill.	Polk	Wyant
Davis	Kelly, Pa.	Prall	Yates
Delaney	Kemp	Pratt, Harcourt J. Yon	
De Priest	Kennedy	Pratt, Ruth	
DeRouen	Kerr	Ramspeck	
Dickinson	Ketcham	Rankin	

NAYS—98

Andrew, Mass.	Beck	Burch	Chindblom
Ayres	Bland	Busby	Clark, N. C.
Bacon	Blanton	Byrns	Cole, Iowa
Baldrige	Bowman	Cable	Collins
Bankhead	Buchanan	Cannon	Cooper, Ohio
Barton	Bulwinkle	Cartwright	Cox

Cross	Holaday	Milligan	Sparks
Disney	Hope	Mobley	Stafford
Doughton	Horro	Montague	Stevenson
Dowell	Houston, Del.	Moore, Ohio	Strong, Kans.
Drewry	Huddleston	Morehead	Summers, Wash.
Dyer	Hull, Morton D.	Mouser	Sumners, Tex.
Evans, Calif.	Jenkins	Norton, Nebr.	Swanson
Evans, Mont.	Johnson, Okla.	Parsons	Taylor, Tenn.
Flannagan	Johnson, Wash.	Ragon	Thomason
Free	Jones	Rainey	Timberlake
Fulmer	Lewis	Ramseyer	Tinkham
Garber	McClintic, Okla.	Rayburn	Warren
Gilbert	McClintock, Ohio	Reid, Ill.	Wason
Glover	McDuffie	Reilly	Weaver
Guy	McGugin	Rich	Weeks
Hadley	McSwain	Sandlin	Williamson
Hancock, N. C.	Martin, Mass.	Seiblering	Wood, Ind.
Hoch	Michener	Shallenberger	
Hogg, W. Va.	Miller	Smith, Va.	

NOT VOTING—36

Abernethy	Dieterich	Hornor	Ludlow
Boehne	Douglas, Ariz.	Igoe	Murphy
Boylan	Drane	Jeffers	Pou
Canfield	Freeman	Johnson, Ill.	Purnell
Chapman	Gillen	Kahn	Sabath
Chase	Griswold	Kendall	Stokes
Collier	Hare	Kleberg	Sullivan, Pa.
Corning	Hogg, Ind.	Larrabee	Tucker
Crowe	Hollister	Lea	Underhill

So the amendment was agreed to.

The Clerk announced the following additional pairs:

On the vote:

Mr. Dieterich (for) with Mr. Chapman (against).

Mr. Boylan (for) with Mr. Pou (against).

Mr. Hollister (for) with Mr. Kendall (against).

General pairs:

Mr. Gillen with Mr. Purnell.
 Mr. Sabath with Mr. Chase.
 Mr. Ludlow with Mr. Freeman.
 Mr. Crowe with Mr. Hogg of Indiana.
 Mr. Abernethy with Mr. Murphy.
 Mr. Boehne with Mr. Sullivan of Pennsylvania.
 Mr. Tucker with Mr. Johnson of Illinois.
 Mr. Douglas of Arizona with Mrs. Kahn.
 Mr. Hare with Mr. Stokes.
 Mr. Igoe with Mr. Underhill.
 Mr. Canfield with Mr. Griswold.
 Mr. Larrabee with Mr. Jeffers.
 Mr. Corning with Mr. Kleberg.
 Mr. Hornor with Mr. Drane.
 Mr. Lea with Mr. Collier.

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the next amendment on which a separate vote has been demanded.

The Clerk read as follows:

Amendment offered by Mr. MARTIN, of Oregon: Strike out all of Title VI, the national defense reorganization act.

The SPEAKER. The question is on agreeing to the amendment.

Mr. McDUFFIE. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 210, nays 187, not voting 34, as follows:

[Roll No. 66]

YEAS—210

Adkins	Carter, Wyo.	Doutrich	Hall, Ill.
Aldrich	Cavichia	Drewry	Hancock, N. Y.
Allen	Celler	Eaton, Colo.	Hardy
Andrews, N. Y.	Chindblom	Eaton, N. J.	Hartley
Arentz	Chiperfield	Englebright	Haugen
Auf der Heide	Clague	Erk	Hawley
Bacharach	Clancy	Estep	Hess
Bachmann	Clarke, N. Y.	Evans, Calif.	Holmes
Bacon	Cochran, Pa.	Fernandez	Hooper
Baldrige	Cole, Iowa	Finley	Hopkins
Barbour	Cole, Md.	Fish	Horr
Beam	Colton	Fitzpatrick	Houston, Del.
Beck	Connolly	Foss	Hull, William E.
Beedy	Cooke	Free	Jenkins
Bland	Coyle	French	Johnson, S. Dak.
Bloom	Crail	Gambrill	Johnson, Wash.
Bohn	Crisp	Garber	Kahn
Boland	Crowther	Gasque	Keller
Bolton	Caulkin	Gavagan	Kelly, Ill.
Briggs	Cullen	Gibson	Kelly, Pa.
Britten	Curry	Gifford	Kennedy
Brumm	Dallinger	Golder	Kinzer
Brunner	Darrow	Goldsborough	Kniffin
Burdick	Davenport	Goodwin	Kopp
Butler	Delaney	Goss	Kurtz
Campbell, Pa.	De Priest	Granfield	Lankford, Va.
Carley	Dickstein	Green	Larsen
Carter, Calif.	Douglas, Ariz.	Griffin	Leavitt
	Douglass, Mass.	Hadley	Lehlbach

Lindsay	Nolan	Seiberling	Tinkham
Linthicum	Norton, N. J.	Shott	Treadway
Loneragan	O'Connor	Shreve	Turpin
Loofbourow	Oliver, N. Y.	Simmons	Underhill
Lovette	Palmisano	Sirovich	Vinson, Ga.
Luce	Parker, Ga.	Smith, Idaho	Wason
McCormack	Parker, N. Y.	Smith, Va.	Watson
McFadden	Partridge	Snell	Weeks
McLaughlin	Patman	Snow	Welch, Calif.
McLeod	Pittenger	Somers, N. Y.	Weish, Pa.
McMillan	Prall	Stewart	White
Maas	Pratt, Harcourt J.	Stokes	Whitley
Magrady	Pratt, Ruth	Strong, Pa.	Whittington
Manlove	Ramseyer	Sullivan, N. Y.	Wigglesworth
Mapes	Ransley	Summers, Wash.	Wingo
Martin, Mass.	Reed, N. Y.	Sutphin	Wolcott
Martin, Oreg.	Rich	Swanson	Wolfenden
Michener	Rogers, Mass.	Swick	Wolverton
Millard	Rogers, N. H.	Swing	Woodruff
Montague	Rudd	Taber	Wyant
Moore, Ohio	Sanders, N. Y.	Taylor, Colo.	Yates
Mouser	Schafer	Temple	Yon
Nelson, Me.	Schuetz	Tilson	
Niedringhaus	Seger	Timberlake	

NAYS—187

Allgood	Doughton	Kerr	Ragon
Almon	Dowell	Ketcham	Rainey
Amie	Doxey	Knutson	Ramspeck
Andresen	Driver	Kunz	Rankin
Andrew, Mass.	Dyer	Kvale	Rayburn
Arnold	Elizey	LaGuardia	Reid, Ill.
Ayres	Eslick	Lambertson	Reilly
Bankhead	Evans, Mont.	Lambeth	Robinson
Barton	Fiesinger	Lamneck	Romjue
Blanton	Fishburne	Lanham	Sanders, Tex.
Boileau	Flannagan	Lankford, Ga.	Sandlin
Bowman	Frear	Lewis	Schneider
Brand, Ga.	Fulbright	Lichtenwalner	Selvig
Brand, Ohio	Fuller	Lozier	Shallenberger
Browning	Fulmer	McClintic, Okla.	Shannon
Buchanan	Garrett	McClintock, Ohio	Sinclair
Bulwinkle	Gilbert	McDuffie	Smith, W. Va.
Burch	Gilchrist	McGugin	Sparks
Burtress	Glover	McKeown	Spence
Busby	Greenwood	McReynolds	Stafford
Byrns	Gregory	McSwain	Stalker
Cable	Guyer	Major	Steagall
Campbell, Iowa	Haines	Maloney	Stevenson
Cannon	Hall, Miss.	Mansfield	Strong, Kans.
Carden	Hall, N. Dak.	May	Sumners, Tex.
Cartwright	Hancock, N. C.	Mead	Swank
Cary	Hart	Miller	Sweeney
Chavez	Hart	Mitchell	Tarver
Christgau	Hastings	Milligan	Taylor, Tenn.
Christopherson	Hill, Ala.	Mobley	Thomason
Clark, N. C.	Hill, Wash.	Montet	Thurston
Cochran, Mo.	Hoch	Moore, Ky.	Tierney
Collins	Hogg, W. Va.	Morehead	Underwood
Condon	Holaday	Nelson, Mo.	Vinson, Ky.
Connery	Hope	Nelson, Wis.	Warren
Cooper, Ohio	Howard	Norton, Nebr.	Weaver
Cooper, Tenn.	Huddleston	Oliver, Ala.	West
Cox	Hull, Morton D.	Overton	Williams, Mo.
Cross	Jacobsen	Owen	Williams, Tex.
Crosser	James	Parks	Williamson
Crump	Johnson, Mo.	Parsons	Wilson
Davis	Johnson, Okla.	Patterson	Withrow
DeRouen	Johnson, Tex.	Peavey	Wood, Ga.
Dickinson	Jones	Perkins	Wood, Ind.
Dies	Kading	Person	Woodrum
Disney	Karch	Pettengill	Wright
Dominick	Kemp	Polk	

NOT VOTING—34

Abernethy	Crowe	Hornor	Murphy
Boehne	Dieterich	Igoe	Pou
Boylan	Drane	Jeffers	Purnell
Buckbee	Freeman	Johnson, Ill.	Sabath
Canfield	Gillen	Kendall	Sullivan, Pa.
Chapman	Griswold	Kleberg	Thatcher
Chase	Hare	Larrabee	Tucker
Collier	Hogg, Ind.	Lea	
Corning	Hollister	Ludlow	

So the amendment was agreed to.

The Clerk announced the following additional pairs:
On this vote:

Mr. Hollister (for) with Mr. Chapman (against).
Mr. Boylan (for) with Mr. Pou (against).

Until further notice:

Mr. Gillen with Mr. Purnell.
Mr. Sabath with Mr. Chase.
Mr. Ludlow with Mr. Freeman.
Mr. Crowe with Mr. Hogg of Indiana.
Mr. Abernethy with Mr. Murphy.
Mr. Boehne with Mr. Sullivan of Pennsylvania.
Mr. Tucker with Mr. Johnson of Illinois.
Mr. Canfield with Mr. Griswold.
Mr. Larrabee with Mr. Jeffers.
Mr. Corning with Mr. Kleberg.
Mr. Hornor with Mr. Drane.

Mr. Lea with Mr. Collier.
Mr. Hare with Mr. Thatcher.
Mr. Dieterich with Mr. Kendall.
Mr. Igoe with Mr. Buckbee.

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the next amendment on which a separate vote has been demanded.

The Clerk read as follows:

Amendment offered by Mr. BULWINKLE: Strike out all of Title IX, consisting of sections 901, 902, 903, 904, 905, 906, 907, 908, 909, and 910.

The SPEAKER. The question is on agreeing to the amendment.

Mr. McDUFFIE. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were refused.

The amendment was agreed to.

The SPEAKER. The question is now on the committee amendment as amended.

The question was taken; and on a division (demanded by Mr. CONNERY and Mr. LaGUARDIA) there were—ayes 203, noes 42.

So the committee amendment as amended was agreed to.

The SPEAKER. The question is now on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. McDUFFIE. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. The gentleman from Alabama offers a motion to recommit, which the Clerk will report.

Mr. RAMSEYER. Mr. Speaker, I was on my feet seeking recognition. Under the practice of the House is not the minority entitled to first recognition? I demand such recognition.

The SPEAKER. This is a special rule giving the right to make two motions to recommit. In the opinion of the Chair those in control of the bill should have the right to submit the first motion to recommit.

Mr. SNELL. Mr. Speaker, when was any decision ever made that those in control of a bill would have the right to submit the first motion to recommit? Generally those in control of a bill do not submit a motion to recommit.

The SPEAKER. They certainly have that right under this rule.

Mr. SNELL. But the motion to recommit is an entirely different proposition, and the ruling of the Speaker would foreclose the minority from having its rights with respect to such a motion.

The SPEAKER. The Chair does not think the minority has that right at all. The rule of the House of Representatives since the present occupant of the chair has been a Member of it has been that in case a motion to recommit is desired to be made, the Members in charge of the bill, if the bill has been amended so they can not support it, in the order of their seniority are recognized to submit a motion to recommit.

Mr. SNELL. I am very sorry I have to disagree with the distinguished Speaker. That is not my understanding of the rule.

The SPEAKER. The Chair has recognized the gentleman from Alabama to offer a motion to recommit.

Mr. OLIVER of Alabama. If the Chair will permit, the Speaker made that announcement when this rule was first offered and there was no objection to it.

The SPEAKER. Undoubtedly that is the spirit of the rule.

Mr. SNELL. I do not agree with the ruling of the Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. McDUFFIE offers the following motion to recommit: I move to recommit the bill H. R. 11267 to the Committee on Appropriations with instructions to that committee to report the same back forthwith with the following amendment: Strike out of section 102 (a) of the Economy Committee amendment the following: "Compensation at an annual rate of \$1,000 or less shall be exempt

from reduction, and compensation at an annual rate in excess of \$1,000 shall be reduced by 11 per cent of the amount thereof in excess of \$1,000," and insert in lieu thereof the following: "Compensation at an annual rate of \$2,000 or more shall be reduced by 10 per cent, but this subsection shall not reduce below \$2,000 any rate of compensation of \$2,000 or more."

Mr. LaGUARDIA. Mr. Speaker, I make the point of order that the motion to recommit submits this bill to the Committee on Appropriations, when the Committee on Appropriations has no jurisdiction over the subject matter contained in the amendment which the motion seeks to amend.

The SPEAKER. The rule authorizing consideration of this amendment gives the Committee on Appropriations jurisdiction. The point of order is overruled.

Mr. McDUFFIE. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

Mr. McDUFFIE. Mr. Speaker, I ask for the yeas and nays. The yeas and nays were ordered.

Mr. MICHENER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MICHENER. As I understand, the rule permits two motions to recommit.

The SPEAKER. The gentleman is correct.

Mr. MICHENER. If the motion which has been offered by the gentleman from Alabama [Mr. McDUFFIE] fixing the exemption at \$2,000, should fail, then would it be in order to offer the staggering plan or the furlough plan with a \$2,000 exemption?

The SPEAKER. It does not make any difference whether the motion fails or not, they have the right to submit two motions to recommit.

Mr. MICHENER. And recommit the bill twice?

The SPEAKER. Certainly; that is what the rule provides. As the Chair construes this rule, if the motion of the gentleman from Alabama [Mr. McDUFFIE] is carried, there would still be opportunity for another motion to recommit.

Mr. MICHENER. Mr. Speaker, if that is true and if the McDuffie motion carries, the bill is then recommitted forthwith to the committee, there is nothing before the House, and what in the world are we going to recommit after that has been done?

The SPEAKER. It may be the House will want to strike out something else.

Mr. CRISP. If the Chair will permit, if the McDuffie motion prevails, the bill will be immediately reported back to the House with the amendment.

The SPEAKER. Certainly; and another motion to recommit with respect to some other part of the bill would be in order.

Mr. O'CONNOR. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. O'CONNOR. Mr. Speaker, the gentleman from Michigan [Mr. MICHENER] asked a question and the Chair proceeded to answer it, but in the premise of his answer the Chair stated that this motion to recommit involved an exemption, which it does not contain. I would like the Chair to inform the House properly as to what the amendment does and show that there is no exemption mentioned in the motion.

The SPEAKER. The Chair can request the Clerk to read the motion to recommit once more if the membership wants that done. Without objection, the Clerk will again report the motion to recommit. [After a pause.] The Chair hears no objection, and the Clerk will report the motion.

The Clerk again reported the motion to recommit.

Mr. LaGUARDIA. Mr. Speaker, a parliamentary inquiry. This motion to recommit presupposes that there is something in the bill that is not in it. How can this House vote to substitute something for the \$1,000 provision when that item has been stricken from the bill?

The SPEAKER. That is not a parliamentary inquiry.

Mr. DE PRIEST. Mr. Speaker, a parliamentary inquiry. Those that are in favor of this bill as is, or as amended in committee, will vote "no"?

The SPEAKER. The Chair does not think that is a parliamentary inquiry.

The question is on the motion to recommit.

The question was taken; and there were—yeas 167, nays 226, not voting 38, as follows:

[Roll No. 67]

YEAS—167

Allgood	Douglas, Ariz.	Johnson, Mo.	Rich
Andresen	Dowell	Johnson, Tex.	Robinson
Andrews, N. Y.	Doxey	Jones	Romjue
Arnold	Drewry	Ketcham	Sanders, Tex.
Ayres	Driver	Kniffin	Seiberling
Bacharach	Ellzey	Knutson	Shallenberger
Baldrige	Eslick	Kopp	Simmons
Bankhead	Evans, Calif.	Lambeth	Smith, W. Va.
Barton	Fiesinger	Lanham	Sparks
Beck	Fish	Lozier	Stafford
Bland	Fishburne	McClintic, Okla.	Stalker
Blanton	Flannagan	McDuffie	Steagall
Bohn	Frear	McGugin	Stevenson
Brand, Ga.	Free	McKeown	Stokes
Brand, Ohio.	French	McMillan	Strong, Kans.
Briggs	Fulbright	McSwain	Strong, Pa.
Buchanan	Fulmer	Mansfield	Summers, Tex.
Bulwinkle	Garber	Mapes	Swank
Burch	Garrett	Martin, Oreg.	Swanson
Burtess	Gilbert	May	Taber
Busby	Gilchrist	Miller	Tarver
Byrns	Glover	Milligan	Taylor, Colo.
Cable	Green	Mitchell	Thatcher
Campbell, Iowa	Gregory	Mobley	Thomason
Cannon	Guyer	Montague	Thurston
Carden	Haines	Montet	Tilson
Cary	Hall, Miss.	Moore, Ohio	Underhill
Clague	Hall, N. Dak.	Morehead	Vinson, Ga.
Clark, N. C.	Hancock, N. Y.	Nelson, Mo.	Vinson, Ky.
Cole, Iowa	Hancock, N. C.	Norton, Nebr.	Warren
Collins	Hart	Oliver, Ala.	Weaver
Cooper, Ohio	Hastings	Overton	Weeks
Cox	Haugen	Owen	West
Crisp	Hoch	Parker, Ga.	White
Cross	Holaday	Parks	Whittington
Crump	Holmes	Parsons	Williams, Mo.
Davis	Hooper	Patman	Wood, Ga.
DeRouen	Hope	Polk	Wood, Ind.
Dickinson	Howard	Rainey	Woodrum
Dies	Huddleston	Rankin	Wright
Dominick	Hull, Morton D.	Rayburn	Yon
Doughton	Jenkins	Reilly	

NAYS—226

Adkins	Cullen	Johnson, Wash.	Oliver, N. Y.
Aldrich	Curry	Kading	Palmisano
Allen	Dallinger	Kahn	Parker, N. Y.
Almon	Darrow	Karch	Partridge
Amle	Davenport	Keller	Patterson
Andrew, Mass.	Delaney	Kelly, Ill.	Peavey
Arentz	De Priest	Kelly, Pa.	Perkins
Auf der Heide	Dickstein	Kemp	Persson
Bachmann	Disney	Kennedy	Pettengill
Bacon	Douglass, Mass.	Kerr	Pittenger
Barbour	Doutrich	Kinzer	Prall
Beam	Dyer	Kunz	Pratt, Harcourt, J.
Beedy	Eaton, Colo.	Kurtz	Pratt, Ruth
Black	Eaton, N. J.	Kvale	Ragon
Bloom	Englebright	LaGuardia	Ramseyer
Bolleau	Erk	Lambertson	Ramspeck
Boland	Estep	Lamneck	Ransley
Bolton	Fernandez	Lankford, Ga.	Reed, N. Y.
Bowman	Finley	Lankford, Va.	Reid, Ill.
Britten	Fitzpatrick	Larsen	Rogers, Mass.
Browning	Foss	Leavitt	Rogers, N. H.
Brumm	Fuller	Lehlbach	Rudd
Brunner	Gambrill	Lichtenwalner	Sanders, N. Y.
Buckbee	Gasque	Lindsay	Sandlin
Burdick	Gavagan	Linthicum	Schafer
Butler	Gibson	Lonergan	Schneider
Campbell, Pa.	Gifford	Loofbourov	Schuetz
Carley	Golder	Lovette	Seger
Carter, Wyo.	Goldsborough	Luce	Selvig
Cartwright	Goodwin	McClintock, Ohio	Shannon
Caviechia	Goss	McCormack	Shott
Celler	Granfield	McFadden	Shreve
Chavez	Greenwood	McLaughlin	Sinclair
Chindblom	Griffin	McLeod	Sirovich
Chiperfield	Hadley	McReynolds	Smith, Idaho
Christgau	Hall, Ill.	Maas	Smith, Va.
Christopherson	Hardy	Magrady	Snell
Clancy	Harlan	Major	Snow
Clarke, N. Y.	Hartley	Maloney	Somers, N. Y.
Cochran, Mo.	Hawley	Manlove	Spence
Cole, Md.	Hess	Martin, Mass.	Stewart
Colton	Hill, Ala.	Mead	Sullivan, N. Y.
Condon	Hill, Wash.	Michener	Summers, Wash.
Connery	Hogg, W. Va.	Millard	Sutphin
Connolly	Hopkins	Moore, Ky.	Sweeney
Cooke	Horr	Mouser	Swick
Cooper, Tenn.	Houston, Del.	Nelson, Me.	Swing
Coyie	Hull, William E.	Nelson, Wis.	Taylor, Tenn.
Crall	Jacobsen	Niedringhaus	Temple
Crosser	James	Nolan	Tierney
Crowther	Johnson, Okla.	Norton, N. J.	Timberlake
Culkin	Johnson, S. Dak.	O'Connor	Tinkham

Treadway	Welch, Calif.	Williamson	Wolfenden
Turpin	Welsh, Pa.	Wilson	Wolverton
Underwood	Whitley	Wingo	Wyant
Wason	Wigglesworth	Withrow	
Watson	Williams, Tex.	Wolcott	

NOT VOTING—38

Abernethy	Crowe	Hornor	Murphy
Boehne	Dieterich	Igoe	Pou
Boylan	Drane	Jeffers	Purnell
Canfield	Evans, Mont.	Johnson, Ill.	Sabath
Carter, Calif.	Freeman	Kendall	Sullivan, Pa.
Chapman	Gillen	Kieberg	Tucker
Chase	Griswold	Larrabee	Woodruff
Cochran, Pa.	Hare	Lea	Yates
Collier	Hogg, Ind.	Lewis	
Corning	Hollister	Ludlow	

So the motion to recommit was rejected.

The following pairs were announced:

On this vote:

Mr. Pou (for) with Mr. Boylan (against).
 Mr. Chapman (for) with Mr. Larrabee (against).
 Mr. Crowe (for) with Mr. Dieterich (against).
 Mr. Hare (for) with Mr. Yates (against).
 Mr. Canfield (for) with Mr. Griswold (against).
 Mr. Hollister (for) with Mr. Ludlow (against).
 Mr. Tucker (for) with Mr. Freeman (against).
 Mr. Collier (for) with Mr. Kendall (against).

Until further notice:

Mr. Gillen with Mr. Purnell.
 Mr. Sabath with Mr. Chase.
 Mr. Abernethy with Mr. Murphy.
 Mr. Boehne with Mr. Sullivan of Pennsylvania.
 Mr. Corning with Mr. Wyant.
 Mr. Kieberg with Mr. Carter of California.
 Mr. Lewis with Mr. Cochran of Pennsylvania.
 Mr. Hornor with Mr. Hogg of Indiana.
 Mr. Lea with Mr. Johnson of Illinois.
 Mr. Jeffers with Mr. Woodruff.
 Mr. Drane with Mr. Igoe.

Mr. DOMINICK. Mr. Speaker, my colleague, Mr. HARE, was called to the hospital on account of the illness of his wife. If present, he would have voted "aye."

The result of the vote was announced as above recorded.

Mr. RAMSEYER. Mr. Speaker, I present the following motion to recommit.

The Clerk read as follows:

Mr. Speaker, I move to recommit the bill, H. R. 11267, to the Committee on Appropriations with instructions to that committee to report it back forthwith with the following amendments:

1. Strike out sections 101 to 104, both inclusive, of the Economy Committee amendment and insert in lieu thereof the following:

"TITLE I—FURLOUGH OF FEDERAL EMPLOYEES"

"FURLOUGH PROVISIONS"

"Sec. 101. During the fiscal year ending June 30, 1933:

"(a) The days of work of a per diem officer or employee receiving compensation at a rate which is equivalent to more than \$2,000 per annum shall not exceed 5 in any one week, and the compensation for 5 days shall be ten-elevenths of that payable for a week's work of 5½ days: *Provided*, That nothing herein contained shall be construed as modifying the method of fixing the daily rate of compensation of per diem officers or employees as now authorized by law: *Provided further*, That where the nature of the duties of a per diem officer or employee render it advisable the provisions of subsection (b) may be applied in lieu of the provisions of this subsection.

"(b) Each officer or employee receiving compensation on an annual basis at the rate of more than \$2,000 per annum shall be furloughed without compensation for one calendar month, or for such periods as shall in the aggregate be equivalent to one calendar month, for which latter purpose 24 working days (counting Saturday as one-half day) shall be considered as the equivalent of one calendar month: *Provided*, That where the nature of the duties of any such officer or employee render it advisable the provisions of subsection (a) may be applied in lieu of the provisions of this subsection.

"(c) The compensation paid any officer or employee to whom this section applies shall, notwithstanding the provisions of this section, be an amount not less than an amount calculated at the rate of \$2,000 per annum.

"Sec. 102. No officer or employee shall be exempted from the provisions of subsections (a) and (b) of section 101 except in those cases where the public service requires that the position be continuously filled and a suitable substitute can not be provided, and then only when authorized or approved in writing by the President of the United States.

"Sec. 103. All rights now conferred or authorized to be conferred by law upon any officer or employee (whose compensation is at a rate of more than \$2,000 per annum) to receive annual leave of absence with pay are hereby suspended during the fiscal year ending June 30, 1933.

"DEFINITIONS"

"Sec. 104. When used in sections 101, 102, and 103 of this act:

"(a) The terms 'officer' and 'employee' mean any person rendering services in or under any branch or service of the United

States Government or the government of the District of Columbia, but do not include (1) officers whose compensation may not, under the Constitution, be diminished during their continuance in office; (2) Senators, Representatives in Congress, Delegates, and Resident Commissioners; (3) officers and employees on the rolls of the Senate and House of Representatives; (4) carriers in the Rural Mail Delivery Service; (5) policemen and firemen of the District of Columbia; and (6) commissioners of the United States Shipping Board, members of the Federal Farm Board (except the Secretary of Agriculture), members of the International Joint Commission, United States section, or members of the Board of Mediation.

"(b) The term 'compensation' means any salary, pay, wage, allowance (except allowances for subsistence, quarters, heat, light, and travel), or other emolument paid for services rendered, but does not include (1) retired pay included within section 106; (2) payments out of any retirement, disability, or relief fund made up wholly or in part of contributions of officers or employees; (3) compensation the amount of which is expressly fixed by international agreement; or (4) compensation paid under the terms of any contract in effect on the date of the enactment of this act if such compensation may not lawfully be reduced.

"COMPENSATION REDUCTIONS IN SENATE AND HOUSE OF REPRESENTATIVES"

"Sec. 105. During the fiscal year ending June 30, 1933:

"(a) The salaries of the Vice President, the Speaker of the House of Representatives, Senators, Representatives in Congress, Delegates, and Resident Commissioners are reduced by 10 per cent.

"(b) The allowance for clerk hire of Representatives in Congress, Delegates, and Resident Commissioners is reduced by 8.3 per cent.

"(c) The rate of compensation of any person on the rolls of the Senate or of the House of Representatives (other than persons included within subsection (a)), if such compensation is at a rate of more than \$2,000 per annum, is reduced by 8.3 per cent. This subsection shall not apply to session employees or to persons whose compensation is paid out of sums appropriated for clerk hire of Representatives in Congress, Delegates, and Resident Commissioners. As used in this subsection the term "compensation" shall have the meaning assigned to such term in section 104 (b).

"(d) This section shall not reduce below \$2,000 per annum the rate of compensation of any person to whom this section applies.

"RETIRED PAY"

"Sec. 106. During the fiscal year ending June 30, 1933, the retired pay of judges and the retired pay of all commissioned, warrant, enlisted, and other personnel of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, Lighthouse Service, and the Public Health Service, if such retired pay is at a rate of more than \$2,000 per annum, shall be reduced by 8.3 per cent. This section shall not reduce below \$2,000 per annum the rate of retired pay of any person to whom this section applies.

"RURAL CARRIERS' EQUIPMENT ALLOWANCE"

"Sec. 107. During the fiscal year ending June 30, 1933, payments for equipment maintenance to carriers in the Rural Mail Delivery Service shall be three-eighths of the amount now provided by law.

"GOVERNMENT CORPORATIONS"

"Sec. 108. In the case of a corporation the majority of the stock of which is owned by the United States, the holders of the stock on behalf of the United States, or such persons as represent the interest of the United States in such corporation, shall take such action as may be necessary to apply the provisions of sections 101, 102, and 103 to offices, positions, and employments under such corporation and to officers and employees thereof."

2. Strike out all of section 207 of the Economy Committee amendment.

Mr. RAMSEYER. On that, Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the motion of the gentleman from Iowa to recommit.

Mr. RAMSEYER. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 146, nays 250, not voting 35, as follows:

[Roll No. 68]

YEAS—146

Adkins	Barbour	Clague	Darrow
Aldrich	Beedy	Clancy	Davenport
Allen	Bohn	Clarke, N. Y.	Douglas, Ariz.
Andresen	Bolton	Cole, Iowa	Dyer
Andrew, Mass.	Bowman	Colton	Eaton, Colo.
Andrews, N. Y.	Bulwinkle	Cooper, Ohio	Eaton, N. J.
Arentz	Burtness	Cox	Englebright
Ayres	Butler	Coyne	Evans, Calif.
Bacharach	Cable	Crall	Evans, Mont.
Bachmann	Chindblom	Crowther	Finley
Bacon	Chiperfield	Culkin	Fish
Baldrige	Christopherson	Dallinger	Foss

Frear	Jenkins	Parker, N. Y.	Swick
Free	Johnson, S. Dak.	Parsons	Taber
French	Johnson, Wash.	Perkins	Taylor, Colo.
Garber	Ketcham	Pittenger	Taylor, Tenn.
Gibson	Knutson	Polk	Temple
Gifford	Lankford, Va.	Pratt	Thatcher
Gilbert	Leavitt	Pratt, Mrs.	Tilson
Guyer	Leibach	Ramseyer	Timberlake
Hadley	Lewis	Reed, N. Y.	Tinkham
Hall, Ill.	Loofbourov	Rich	Treadway
Hall, N. Dak.	Luce	Rogers, Mrs.	Underhill
Hancock, N. Y.	McClintock, Ohio	Seiberling	Wason
Hardy	McGugin	Shallenberger	Weeks
Hawley	McLaughlin	Shott	White
Hess	McLeod	Simmons	Whitley
Hoch	Magrady	Smith, Idaho	Whittington
Hogg, W. Va.	Manlove	Snell	Wigglesworth
Holaday	Mapes	Sparks	Williamson
Hooper	Martin, Mass.	Stafford	Wolfenden
Hope	Michener	Stalker	Wood, Ind.
Hopkins	Millard	Stokes	Woodruff
Houston, Del.	Moore, Ohio	Strong, Kans.	Woodrum
Howard	Morehead	Strong, Pa.	Yates
Hull, Morton D.	Norton	Summers, Wash.	
Hull, William E.	Oliver, Ala.	Swanson	

NAYS—250

Allgood	Doughton	Kniffin	Ramspeck
Almon	Douglass, Mass.	Kopp	Rankin
Amle	Doutrich	Kunz	Ransley
Arnold	Dowell	Kurtz	Rayburn
Auf der Heide	Doxey	Kvale	Reid, Ill.
Bankhead	Drewry	LaGuardia	Reilly
Barton	Driver	Lambertson	Robinson
Beam	Ellzey	Lambeth	Rogers
Black	Erk	Lamneck	Romjue
Bland	Eslick	Lanham	Rudd
Blanton	Estep	Lankford, Ga.	Sanders, N. Y.
Bloom	Fernandez	Larsen	Sanders, Tex.
Boileau	Fiesinger	Lichtenwalner	Sandlin
Boland	Fishburne	Lindsay	Schafer
Brand, Ga.	Fitzpatrick	Linthicum	Schneider
Brand, Ohio	Flannagan	Loneragan	Schuetz
Briggs	Fulbright	Lovette	Seger
Britten	Fuller	Lozier	Selvig
Browning	Fulmer	McClintic, Okla.	Shannon
Brumm	Gambrill	McCormack	Shreve
Brunner	Garrett	McDuffie	Sinclair
Buchanan	Gasque	McFadden	Sirovich
Buckbee	Gavagan	McKeown	Smith, Va.
Burch	Gilchrist	McMillan	Smith, W. Va.
Burdick	Glover	McReynolds	Snow
Busby	Gold	McSwain	Somers, N. Y.
Byrns	Goldsborough	Maas	Spence
Campbell, Iowa	Goodwin	Major	Stegall
Campbell, Pa.	Goss	Maloney	Stevenson
Cannon	Granfield	Mansfield	Stewart
Carden	Green	Martin, Oreg.	Sullivan, N. Y.
Carley	Greenwood	May	Summers, Tex.
Carter, Wyo.	Gregory	Mead	Sutphin
Cartwright	Griffin	Miller	Swank
Cary	Haines	Milligan	Sweeney
Caviechia	Hall, Miss.	Mitchell	Swing
Celler	Hancock, N. C.	Mobley	Tarver
Chavez	Harlan	Montague	Thomason
Christgau	Hart	Montet	Thurston
Clark, N. C.	Hartley	Moore, Ky.	Tierney
Cochran, Mo.	Hastings	Mouser	Turpin
Cochran, Pa.	Haugen	Nelson, Me.	Underwood
Cole, Md.	Hill, Ala.	Nelson, Mo.	Vinson, Ga.
Collins	Hill, Wash.	Nelson, Wis.	Vinson, Ky.
Condon	Holmes	Niedringhaus	Warren
Connery	Horr	Nolan	Watson
Connolly	Huddleston	Norton, Mrs.	Weaver
Cooke	Jacobsen	O'Connor	Welch, Calif.
Cooper, Tenn.	James	Oliver, N. Y.	Welsh, Pa.
Crisp	Johnson, Mo.	Overton	West
Cross	Johnson, Okla.	Owen	Williams, Mo.
Crosser	Johnson, Tex.	Palmisano	Williams, Tex.
Crump	Jones	Parker, Ga.	Wilson
Cullen	Kading	Parks	Wingo
Curry	Kahn	Partridge	Withrow
Davis	Karch	Patman	Wolcott
Delaney	Keller	Patterson	Wolverton
De Priest	Kelly, Ill.	Peavey	Wood, Ga.
DeRouen	Kelly, Pa.	Person	Wright
Dickinson	Kemp	Pettengill	Wyant
Dickstein	Kennedy	Prall	Yon
Dies	Kerr	Ragon	
Dominick	Kinzer	Rainey	

NOT VOTING—35

Abernethy	Corning	Hogg, Ind.	Lea
Beck	Crowe	Hollister	Ludlow
Boehne	Dieterich	Hornor	Murphy
Boylan	Disney	Igoe	Pou
Canfield	Drane	Jeffers	Purnell
Carter, Calif.	Freeman	Johnson, Ill.	Sabath
Chapman	Gillen	Kendall	Sullivan, Pa.
Chase	Griswold	Kleberg	Tucker
Collier	Hare	Larrabee	

So the motion to recommit was rejected.

The Clerk announced the following additional pairs:
On this vote:

Mr. Hollister (for) with Mr. Boylan (against).

General pairs:

Mr. Gillen with Mr. Purnell.
Mr. Sabath with Mr. Chase.
Mr. Abernethy with Mr. Murphy.
Mr. Boehne with Mr. Sullivan of Pennsylvania.
Mr. Kleberg with Mr. Carter of California.
Mr. Hornor with Mr. Hogg of Indiana.
Mr. Lea with Mr. Johnson of Illinois.
Mr. Canfield with Mr. Griswold.
Mr. Corning with Mr. Beck.
Mr. Pou with Mr. Freeman.
Mr. Dieterich with Mr. Kendall.
Mr. Chapman with Mr. Disney.
Mr. Crowe with Mr. Hare.
Mr. Drane with Mr. Ludlow.
Mr. Larrabee with Mr. Tucker.
Mr. Jeffers with Mr. Collier.

The result of the vote was announced as above recorded.
The SPEAKER. The question now is on the passage of the bill.

Mr. LAGUARDIA. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 316, nays 67, not voting 48, as follows:

[Roll No. 69]

YEAS—316

Adkins	Dies	Jacobsen	Parsons
Aldrich	Disney	Jenkins	Partridge
Allen	Dominick	Johnson, Mo.	Patman
Allgood	Doughton	Johnson, Okla.	Patterson
Almon	Douglas, Ariz.	Johnson, S. Dak.	Perkins
Andresen	Doutrich	Johnson, Tex.	Pettengill
Andrew, Mass.	Dowell	Johnson, Wash.	Pittenger
Andrews, N. Y.	Doxey	Jones	Polk
Arentz	Drewry	Kahn	Pratt, Harcourt J.
Arnold	Driver	Kemp	Ragon
Ayres	Dyer	Kerr	Rainey
Bacharach	Eaton, N. J.	Ketcham	Ramspeck
Bachmann	Ellzey	Kinzer	Rankin
Bacon	Englebright	Kniffin	Rayburn
Baldridge	Eslick	Kopp	Reed, N. Y.
Bankhead	Estep	Kurtz	Reilly
Barbour	Evans, Calif.	Lambertson	Rich
Barton	Evans, Mont.	Lanham	Robinson
Beedy	Fernandez	Lankford, Ga.	Rogers, Mass.
Bland	Fiesinger	Lankford, Va.	Rogers, N. H.
Blanton	Finley	Larsen	Romjue
Bohn	Fish	Leavitt	Sanders, N. Y.
Boiton	Fishburne	Leibach	Sanders, Tex.
Bowman	Flannagan	Lichtenwalner	Sandlin
Brand, Ga.	Foss	Linthicum	Seger
Briggs	Frear	Loneragan	Seiberling
Britten	Free	Lovette	Selvig
Browning	French	Lozier	Shallenberger
Buchanan	Fulbright	Luce	Shannon
Bulwinkle	Fuller	McClintic, Okla.	Shott
Burch	Fulmer	McClintock, Ohio	Shreve
Burness	Gambrill	McGugin	Simmons
Busby	Garber	McKeown	Smith, Idaho
Butler	Gasque	McLaughlin	Smith, W. Va.
Byrns	Gibson	McLeod	Snell
Cable	Gifford	McMillan	Snow
Campbell, Iowa	Gilbert	McReynolds	Sparks
Cannon	Gilchrist	McSwain	Spence
Carden	Glover	Magrady	Stafford
Cary	Goldsborough	Major	Stalker
Caviechia	Goodwin	Maloney	Stegall
Celler	Granfield	Manlove	Stevenson
Chavez	Green	Mansfield	Stewart
Chindblom	Greenwood	Mapes	Stokes
Christgau	Gregory	Martin, Mass.	Strong, Kans.
Christopherson	Griffin	Martin, Oreg.	Strong, Pa.
Clague	Guyer	May	Summers, Wash.
Clancy	Hadley	Michener	Summers, Tex.
Clark, N. C.	Haines	Millard	Sutphin
Clarke, N. Y.	Hall, Ill.	Miller	Swank
Cochran, Mo.	Hall, Miss.	Milligan	Swanson
Cochran, Pa.	Hall, N. Dak.	Mitchell	Swick
Cole, Iowa	Hancock, N. Y.	Mobley	Swing
Cole, Md.	Hardy	Montague	Taber
Collins	Harlan	Montet	Tarver
Colton	Hart	Moore, Ky.	Taylor, Colo.
Cooke	Hartley	Moore, Ohio	Taylor, Tenn.
Cooper, Ohio	Hastings	Morehead	Temple
Cooper, Tenn.	Haugen	Mouser	Thatcher
Cox	Hawley	Nelson, Me.	Thomason
Crall	Hess	Nelson, Mo.	Thurston
Cross	Hill, Ala.	Niedringhaus	Tierney
Crowther	Hill, Wash.	Nolan	Tilson
Crump	Hoch	Norton, Nebr.	Timberlake
Culkin	Hogg, W. Va.	Oliver, Ala.	Tinkham
Curry	Holaday	Oliver, N. Y.	Treadway
Dallinger	Holmes	Overton	Turpin
Darrow	Hooper	Owen	Underhill
Davenport	Hope	Palmisano	Underwood
Davis	Hopkins	Parker, Ga.	Vinson, Ga.
De Priest	Houston, Del.	Parker, N. Y.	Vinson, Ky.
DeRouen	Howard	Parks	Warren
Dickinson	Huddleston		

Wason
Watson
Weaver
Weeks
Welsh, Pa.
West

White
Whitley
Whittington
Wigglesworth
Williams, Mo.
Williams, Tex.

Willson
Wingo
Wolfenden
Wolverton
Wood, Ga.
Wood, Ind.

Woodruff
Woodrum
Wright
Wyant
Yates
Yon

NAYS—67

Amlie
Auf der Heide
Beam
Black
Bloom
Boileau
Boland
Brumm
Brunner
Buckbee
Campbell, Pa.
Carley
Carter, Wyo.
Condon
Connery
Connolly
Coyle

Crosser
Cullen
Delaney
Dickstein
Douglass, Mass.
Eaton, Colo.
Erk
Fitzpatrick
Gavagan
Golder
Goss
Hancock, N. C.
Horr
Hull, William E.
James
Kading
Karch

Keller
Kelly, Ill.
Kelly, Pa.
Kennedy
Knutson
Kunz
Kvale
LaGuardia
Lamneck
Lindsay
Loofbourow
McDuffie
Maas
Mead
Nelson, Wis.
Norton, N. J.
O'Connor

Peavey
Prall
Reid, Ill.
Rudd
Schafer
Schneider
Schuetz
Sirovich
Smith, Va.
Somers, N. Y.
Sullivan, N. Y.
Sweeney
Welch, Calif.
Withrow
Wolcott

NOT VOTING—48

Abernethy
Beck
Boehne
Boylan
Brand, Ohio
Burdick
Canfield
Carter, Calif.
Cartwright
Chapman
Chase
Chipperfield

Collier
Corning
Crisp
Crowe
Dieterich
Drane
Freeman
Garrett
Gillen
Griswold
Hare
Hogg, Ind.

Hollister
Hornor
Hull, Morton D.
Igoe
Jeffers
Johnson, Ill.
Kendall
Kleberg
Larrabee
Lea
Lewis
Ludlow

McCormack
McFadden
Murphy
Pou
Pratt, Ruth
Purnell
Ramseyer
Ransley
Sabath
Sullivan, Pa.
Tucker
Williamson

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Chapman (for) with Mr. Boylan (against).
Mr. Canfield (for) with Mr. Griswold (against).
Mr. Tucker (for) with Mr. McFadden (against).

General pairs:

Mr. Gillen with Mr. Purnell.
Mr. Sabath with Mr. Chase.
Mr. Abernethy with Mr. Murphy.
Mr. Boehne with Mr. Sullivan of Pennsylvania.
Mr. Kleberg with Mr. Carter of California.
Mr. Hornor with Mr. Hogg of Indiana.
Mr. Lea with Mr. Johnson of Illinois.
Mr. Corning with Mr. Beck.
Mr. Pou with Mr. Freeman.
Mr. Dieterich with Mr. Kendall.
Mr. Crisp with Mr. Chipperfield.
Mr. Garrett with Mr. Hollister.
Mr. Lewis with Mrs. Pratt.
Mr. McCormack with Mr. Ramseyer.
Mr. Cartwright with Mr. Burdick.
Mr. Drane with Mr. Morton D. Hull.
Mr. Larrabee with Mr. Williamson.
Mr. Ludlow with Mr. Ransley.
Mr. Crowe with Mr. Brand of Ohio.
Mr. Jeffers with Mr. Igoe.
Mr. Hare with Mr. Collier.

A motion to reconsider the vote by which the bill was passed was laid on the table.

Mr. McDUFFIE. Mr. Speaker, I ask unanimous consent that the Clerk of the House be authorized to make such clerical changes in the numbers and letters designating various portions of Part II of the bill as may be necessary to proper numbering and lettering and proper cross reference, and that the Clerk be authorized to insert after the enacting clause the words "Part I, section 1."

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. STEVENSON, for one week, on account of important business.

FINANCIAL RELATIONS OF THE FEDERAL AND STATE GOVERNMENTS

Mr. DAVENPORT. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record to include a paper read by Secretary of the Treasury Mills before the Association of the Bar of the City of New York on the 29th day of April, 1932, on the financial relations of the Federal and State Governments.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DAVENPORT. Mr. Speaker, under the leave to extend my remarks in the Record, I include the following:

I

Taxation in this country has become a matter of dominant national importance. The aggregate tax burden is so great as to constitute an economic factor of such prime importance as to affect directly or indirectly almost every sphere of public and private activity.

In 1930, according to a study just completed by the National Industrial Conference Board, the taxes collected by the Federal, State, and local governments reached the staggering sum of \$10,266,000,000, amounting to 14.4 per cent, or one-seventh, of the estimated national income of seventy-one billions for that year. The increase in total tax collections between 1923 and 1930 was 42 per cent. Part of this increase may be explained, of course, by the growth in population, but even on a per capita basis the increase during that 7-year period was 28.5 per cent; and converting the per capita tax payments into dollars of the same purchasing power, the increase was nearly 50 per cent (49.3 per cent).

Take, for instance, our largest tax, the property tax. According to the study which I have mentioned, property taxes in 1929 accounted for more than 76 per cent of the total State and local taxes and over 50 per cent of the total taxes collected by all jurisdictions. Some idea of the menacing pace at which the burden of this tax has been advancing may be gathered from the following statement by the committee on taxation of the President's Conference on Home Building and Home Ownership:

"Tax rates upon real estate. The burden imposed by the property tax upon real estate is nearly everywhere heavy, and in many communities destructive. In 1910 the average rate of the general property taxes imposed by cities having more than 30,000 inhabitants was 18.9 mills on the assessed valuation. This average rate rose to 20.2 mills in 1918 and to 27 mills in 1928. In addition, State taxes (averaging 2 mills) were collected in the majority, county taxes (averaging 5.9 mills) in a large number, and special taxes (average 1.2 mills) in a very small number of these cities. While no weighted general average covering State, county, city, and special levies can be accurately computed, it is highly probable that this general average exceeds 30 mills for the year 1931. Approximately half of the taxpayers are above the average; that is, pay more than 30 mills at the present time. It is among those taxpayers that the hardship is greatest. In general, property is still assessed at less than full value. But in millions of cases to-day the assessed value equals or exceeds the actual market value. Such properties are paying to the State and local governments an annual average rate which frequently exceeds 3 per cent upon their full capital value.

"A useful measure of the burden of the property tax is found in the proportion of rental income (before taxes) taken by the tax. The results of studies of urban property taxes in nine States are thus summarized by Whitney Coombs in his Taxes on Farm Property (p. 32): Arkansas (1923-1925), 17.1 per cent; Colorado (1926), 27.1 per cent; Indiana (1922-23), 30.6 per cent; Iowa (1927), 31.3 per cent; North Carolina (1927), 29.5 per cent; Pennsylvania (1924-25), 20.9 per cent; South Dakota (1922-1926), 29.9 per cent; Virginia (1926), 16 per cent; Washington (1924-1926), 31.7 per cent."

Speaking of financial conditions in the States and cities, this committee concluded that "the present situation is characterized by excessive public spending, excessive reliance by local governments on the property tax, and by excessive concentration of the property tax on real estate." This last factor—the excessive concentration of the property tax on real estate—is itself responsible for a major social evil. It "discourages and materially restricts home ownership," while it creates a tax load which bears with crushing weight upon the debt-ridden farm owners.

I quote from an address before the 1931 Conference of National Tax Association by Dr. Eric Englund, assistant chief of the Bureau of Agricultural Economics:

"Studies in several States from 1922 to 1927 showed that real-estate taxes took an average of about one-third of the net rent of farms. Judging by the trends of farm prices and of farm taxes since that period, the ratio of taxes to net rent in the past year, no doubt, was much higher, taxes probably absorbing the whole rent in the case of a substantial portion of the farms, especially in regions of higher tax levies."

Of course, the people are in large measure themselves to blame. They have not only tolerated but given encouragement to an ever-expanding cost of government. The spenders were the ones elected to office; and bond issues voted with cheerful alacrity. It is true that President Coolidge succeeded in dramatizing economy, but I remember in our State when Governor Miller, under the urging of the electorate, resumed the practice of law, it was openly said that economy in government would not be a successful issue in New York State in many a year. And it hasn't been. Not only are our taxes too high but if we view our Federal, State, and local taxes as a whole, we do not find anything that faintly resembles a logical and coordinated plan, but rather a number of unrelated systems, frequently overlapping and existing in a state of confusion that gives rise to all manner of maladjustments, duplications, and irregularities.

II

There is a growing conviction, which I share, that the time has ceased when the Federal and State Governments may safely chart separate and unrelated courses over the troubled financial waters which they must now all traverse. The time for drifting has passed. The time for considerate and conscious coordination has arrived.

The Federal Constitution segregates in rudimentary and imperfect fashion a few of the sources of Federal and State taxation. In practical effect it prevents the Federal Government from imposing property and poll taxes, and denies the States, without the consent of the Congress at least, power to levy taxes upon imports and exports or to burden interstate commerce by direct taxation. But here, practically, separation of sources stops and joint use begins. Both State and Federal Governments may, at one and the same time, tax incomes, sales, production, consumption, privileges, and the transfer or inheritance of property.

While this concurrent power over taxation has been enjoyed by both the State and the Federal Governments since the birth of the Nation (except with respect to the income tax, which was not conclusively brought within the Federal powers until the adoption of the sixteenth amendment), it created no serious difficulties until recent years. During most of our history, the main sources of revenue used respectively by the States and by the Federal Government were distinct and separate. In the period between the War of 1812 and the Civil War, the Federal Government derived its revenue almost wholly from duties on imports, while the States relied almost entirely upon the property tax.

During the Civil War and the period immediately following that conflict the Federal Government was compelled to utilize additional sources of revenue, such as income, inheritance, sales, and miscellaneous excise taxes. But by 1883 these additional taxes, except for the taxes upon tobacco and liquor, had been discarded, and until the end of the first decade of this century customs and tobacco and liquor taxes furnished practically all the tax revenue received by the Federal Government. Meanwhile the State and local governments continued to rely primarily on the property tax, although they made increasing use of corporation taxes, licenses, and death duties. Until about 1910, however, each department of government gave free steerage to the other. Conflicts of jurisdiction arose and gave rise to important interpretations of our constitutional law. But neither department of government exercised its taxing powers so as seriously to embarrass the other.

Since 1910 the picture has materially changed. Pressure for additional revenue has forced the States and the Federal Government to bear heavily upon the same sources of revenue. The Federal Government adopted a full-fledged income tax in 1913, an estate tax in 1916, and it seems plain that as a consequence of the World War and changed economic conditions it must continue to occupy, though not necessarily to the exclusion of the States, this field of taxes upon wealth and income—a field which the States had never thoroughly exploited.

On the other hand, the States during the same period substantially increased their revenues from the inheritance tax and revived the income tax. Beginning with Wisconsin in 1911, State after State adopted an income tax, though at very moderate rates, until to-day there are 22 with this form of taxation. The States have also invaded the field of consumption taxes, formerly used almost exclusively by the Federal Government. To-day every State imposes a gasoline tax, and 13 make use of taxes on tobacco or cigarettes, and State taxes upon amusements and semiluxuries are spreading.

This simultaneous and overlapping use of the same tax sources by the State and the Federal Governments has come gradually, almost stealthily, without the guidance of any broad policy or plan of national finance. It subjects us to a haphazard scheme rather than an ordered system of taxation, which lacks uniformity and coordination, involves Government and taxpayer alike in serious difficulties, and is growing steadily worse.

III

There is nothing inherently wrong in the use by both the Federal Government and the States of the same source of revenue. But when it is done without agreement or understanding between the competing jurisdictions and without the restraint of a superior power, it may easily result in a combined burden heavy enough to cripple the source. The danger is especially great in the case of "popular" taxes, such as the income and inheritance taxes, popular because they are so levied as to reach comparatively few people. There is a growing disposition to rely more and more heavily upon these taxes; and since this tendency characterizes both the State and the Federal Governments, the result may be serious not only to those subject to the tax but to the governments and the national economy as well, because of the decreased yield that inevitably follows excessive taxation.

The danger is by no means imaginary. For example, Wisconsin recently doubled its personal income-tax rates on 1931 income, bringing the tax to more than 15 per cent on incomes in excess of \$12,000. If Wisconsin should find it necessary or desirable to continue this emergency tax for another year, as is not altogether improbable, and the Federal rates adopted by the House are enacted into law, the combined State and Federal tax on residents of Wisconsin, with respect to income earned this year, would range from 17 per cent to 22 per cent on incomes in excess of \$12,000, up to 62 per cent on incomes in excess of \$100,000. Similarly, if the income-tax rates on the House bill (H. R. 10236) are adopted and Wisconsin continues its corporation income-tax rate beyond 1931, income derived by corporations from

property located and business transacted in Wisconsin will pay a combined rate of more than 20 per cent.

Or take the gasoline tax which is now imposed by every State in the Union. The rates range from 2 to 7 cents per gallon, and are steadily being increased. In some places the tax is in excess of the market price of gasoline at the refinery. In its pressing need for money the Federal Government may legitimately feel that it is entitled to use this source to a moderate extent, especially in view of the fact that the Federal Government grants the States substantial monetary aid in their road-building programs—the very purpose for which the gasoline tax was primarily introduced. Yet because of the preemption or prior use of this tax by the States, and the high rates in force in some States, the Federal Government must pause and consider before adding a Federal tax, though Federal entry into this field might help the States in the administration of the tax, which is tending in some places to break down because of the bootlegging of gasoline.

Or consider the tobacco taxes. The Federal Government has imposed these taxes since the Civil War, and the rates are high. The State governments claim that they are entitled to use consumption taxes on "articles of widespread use but not of first necessity." Moreover, in States like North Carolina, in which large amounts of tobacco are grown and in which great tobacco factories are located, there is a natural feeling that since tobacco represents one of their major industries they should be entitled to a substantial revenue from this source. But the Federal tax stands in the way. Even so, 13 States levy taxes on tobacco or cigarettes in addition to the Federal taxes.

A striking illustration of the danger of joint use of the same source is found in the stamp taxes on stock transfers. In its present mood public opinion is not sympathetic either toward the stock broker or the stock market, particularly in those districts which contain no stock exchange and comparatively few stock brokers. Spurred by revenue necessities, the State of New York recently doubled its stock-transfer tax at a time when the Federal Government was moved by a similar impulse. The result is a proposal or bill from the House of Representatives which imposes a minimum tax of 4 cents on each share of stock transferred and a maximum tax of one-fourth of 1 per cent of the selling price, while the exemption upon stock loans for short selling has been repealed, thus subjecting short sales to double the ordinary rates. This proposal, if enacted into law, may be enough, with the New York tax, to restrict activity in the chief security market.

Joint taxation of this character entails another evil which should, if possible, be eliminated. This is the waste involved in the duplication of administration, and the correlative annoyance to taxpayers arising from the necessity of complying with two or more sets of requirements with respect to the same kind of tax. The amount of money which such duplication involves probably runs into large figures.

IV. INTERSTATE COMMERCE COMPLICATIONS

Another major problem affecting the financial relations of the State and Federal Governments arises from those constitutional provisions which have been interpreted to inhibit the States from hindering interstate trade or commerce by direct taxation. The uncertainty of the constitutional law involved and the changing subtleties of the decisions which interpret that law deprive the States—it is hardly too much to say—of the free and natural use of those taxes most suited to corporations engaged in interstate commerce. A recent and learned commentator, E. F. Albertsworth, professor of law at Northwestern University, says that the States are "hemmed in and hamstrung" by the decisions declaring taxes or licenses to be direct restraints or burdens upon interstate trade.

After many years of serious thought, some of our most qualified students of taxation have reached the conclusion—which I still hesitate to share—that State taxation on business should be based upon or measured by gross receipts or gross income rather than net income. Such a tax is comparatively easy to administer; it yields a substantial revenue which is not subject to as wide fluctuations as is the net income tax; and it is possibly the best available measure of the benefit which business receives from government and for which business should legitimately be asked to pay.

But with business partaking to such a large extent of the character of interstate commerce, the usefulness of a gross-receipts tax is materially circumscribed by the inability of the State to tax directly the receipts from such commerce. Not only is the possible yield of such a tax greatly reduced, but there is unjustifiable discrimination in favor of those taxpayers engaged to a considerable extent in interstate commerce and against those who are primarily engaged in business within the confines of a particular State. The difficulties which the States have had in the taxation of public utilities doing an interstate business—particularly the railroads and telephone companies—are well known.

The same obstacle stands in the way of effective use of sales taxes, except those sales taxes which are most difficult to administer, that is, retail sales taxes. And even with respect to retail sales taxes, the interstate commerce restriction has, indirectly, an adverse effect.

In the first place there is the uncertainty as to when and under what conditions such sales taxes represent a direct burden upon interstate commerce. Our law books are replete with decisions dealing with this question, but it arises again and again. Only recently the Supreme Court was called upon to decide the question as to whether gasoline used in busses or airplanes carrying

passengers in interstate traffic could be taxed by the State in which the gasoline was purchased.

Secondly, the inability of States to tax interstate commerce leaves such sales taxes vulnerable to easy violation. Take the gasoline tax. There has developed a gasoline-bootlegging racket of quite sizable proportions which, according to one competent authority, is depriving the States of \$100,000,000 of revenue yearly. Much of this evasion is directly attributable to the purchase of gasoline in a State with a low rate of tax and its sale in a State with a high tax. The States can not adequately check the purchases and sales of the retail service station. Their control must depend largely upon supervision and check upon the refineries, the large distributors, and the shipments by the recognized carriers. But supervision falls down when the carrier is a bootlegger with a fleet of tank wagons, who can bring gasoline into the State without interference under the protection of the interstate commerce clause.

The same situation is found in connection with State tobacco taxes. A study recently made of the administration of State taxes on cigarettes shows that whereas in 1930 the per capita consumption of cigarettes in the entire country averaged 975, the five States which in that year levied a tax solely on cigarettes collected, on an average, taxes on only 431 cigarettes per capita. While we may not assume that the average actual consumption in these five States was the same as the average for the country, yet the figures would indicate that many a cigarette was smoked in these States on which the State tax had not been paid.

In addition to violation of the law, the restrictive effect of the interstate commerce clause upon State sales taxes produces a considerable amount of inequity. Such taxes, of course, find their way usually into the price at which the taxed article is sold to the ultimate consumer. Retailers in the taxing State who are located at or near the border of a State which does not tax that article, or which taxes it at a lower rate, are likely to find themselves in the unenviable position of having to absorb the tax themselves or of seeing their customers cross the line into the neighboring State in order to purchase the article at a lower price. It is not uncommon, for instance, to find service stations near State lines selling gasoline at the same price as that which obtains in the next State in which the tax is lower. Similarly, the competition which the merchant in the taxing State must meet from the mail-order houses which can sell free of tax, since such sales are interstate commerce, is a serious evil.

Governor Gardner, speaking before the North Carolina General Assembly, said about a year ago:

"Any tax that we add to sales within the State helps to turn the scale against business in North Carolina and in favor of business outside of North Carolina. I can not favor any system of taxation that imposes this additional burden on the retail merchants of North Carolina, and that penalizes business within and encourages business without the State." (U. S. Daily, March 26, 1931, at 205.)

V. OTHER CONSTITUTIONAL LIMITATIONS ON STATE TAXATION

Because they are rather closely related to the problems already discussed, and because their solution may go hand in hand with the solution of the conflicts in State and Federal taxation, mention may be made of certain active problems arising from constitutional limitation upon State taxing powers, although these problems are not involved in the relationship between the State and Federal taxing powers. These problems are (1) the taxation of the obligations and instrumentalities of other jurisdictions, and (2) the allocation to a particular State, for purposes of taxation, of the appropriate share of a subject of taxation which can not be wholly assigned to one State. Both of these problems have particular reference to State income taxes. These are extremely difficult questions, and the specific forms in which they arise require that they be submitted again and again to the courts for determination. We can never be sure, in many cases, about the validity of certain provisions of State income tax laws until their effect is determined by the courts of last resort. And even then we can not be certain, as will be readily understood by those who have been interested in the recent decisions of the Supreme Court as to the power of a State to include income from bonds and instrumentalities of the Federal Government in a franchise or excise tax measured by net income.

In May, 1929, the Supreme Court rendered its decision in *Macallen Co. v. Mass.* (279 U. S. 620), holding that under the Massachusetts corporation excise tax, interest from Federal bonds could not be included in the measure of the tax. Because of the stress laid by the decision on the necessity of considering the true substance and operation of State tax laws rather than their form or name, and the finding that the Massachusetts law "in substance and effect imposes a tax upon Federal bonds and securities," the decision was believed by many of our best lawyers and tax experts to be a substantial modification, if not a reversal, of a long line of prior decisions which drew a distinction between direct taxes on income or capital stock and excise taxes measured by income or capital stock—a distinction with little economic or practical difference.

But in less than two years, in January, 1931, came the decision in *Educational Films Corp. v. Ward* (282 U. S. 379), holding that royalties derived from Federal copyrights might be included in the measure of the New York corporation franchise tax. The decision reaffirmed the distinction which was thought to have been discarded in the *Macallen* case.

And on the 11th of this month came the decision in *Pacific Co. v. Johnson*, holding that the inclusion of interest from Federal bonds in the measure of the California corporation franchise tax, was permissible. The decision reached was contrary to that made in the *Macallen* case, yet it would be most difficult to find any substantial distinction in the facts presented in the two cases. Though the court does not admit it in so many words, it is plain that in less than three years after its promulgation, the *Macallen* decision has been definitely overruled. As stated in the minority opinion, "We think there is no escape from the conclusion that if the *Miller* and *Macallen* cases were followed the legislation here under review would be condemned. To base a distinction of these cases from the pending case upon differences so lacking in substance as to be in effect no differences at all, simply adds to the confusion already too great in this field of taxation."

Similar confusion exists with respect to the power of the Federal Government to tax the income derived from State instrumentalities, as is amply shown by such conflicting cases as *Gillespie v. Oklahoma* (257 U. S. 501), *Group No. 1 Oil Corporation v. Bass* (283 U. S. 279), and *Burnet v. Coronado Oil & Gas Co.*, decided less than three weeks ago.

A more important problem—perhaps the most important problem involved in the use of an income tax by the States—is the question of allocating or apportioning the net income of corporations engaged in interstate business to the particular States in which they operate. Nearly every conceivable formula for apportioning such income is to be found in our State laws. Some States allocate solely on the basis of one factor, such as tangible property or gross sales; others allocate on the basis of a combination of factors, with varying methods of combination. Under such different measuring sticks, it is not difficult to see how a corporation may well be taxed on more than its entire net income. To state a simplified case, a corporation which did all its manufacturing in Connecticut, but sold all its product in South Carolina, would theoretically be taxed on its entire net income by each of these States, since Connecticut's allocation formula is based solely on property, while South Carolina's is based solely on sales. It is true that cases as bad as this seldom, if ever, arise; but there can be no doubt that serious inequity arises from lack of uniformity in these allocation formulas.

The problem of apportionment, moreover, which has caused much trouble to the courts, and to the taxpayers, has been so difficult that the courts are inclined to sustain any method of apportionment prescribed by the statute, provided it is not deliberately unfair or discriminatory. On the other hand, the Supreme Court has recently (in *Hans Rees Sons v. North Carolina*, 283 U. S. 123) invalidated a tax levied by North Carolina, under an apportionment formula based on property, where the taxpayer "proved" that it earned within that State less income than the amount reached by use of the formula. But the court's decision will probably be of little help, as the average corporation doing interstate business would find it most difficult to furnish such convincing proof as that supplied by the taxpayer in the *North Carolina* case. We can not and should not rely on the courts to solve this problem. While the courts may continue to render sound and helpful decisions in isolated cases, inequitable treatment, disputes, disgruntled feelings, and waste of time and money will continue until the problem is deliberately met with a cooperative effort to solve it. Certainly it is not too much to ask that the States join in a determined effort to avoid multiple taxation upon the income of corporations doing interstate business.

Such, then, is the pass to which we have come as a result of the shortsighted, drifting course we have pursued and our failure to view in a comprehensive way the effects of the relationships between the Federal and State Governments and between the States in matters of taxation. Our present system of taxation, if we can be said to have a system, is permeated by inequity, uncertainty, and administrative difficulties; the cost of collecting taxes is much too great, as is also the cost to the taxpayer in determining his tax liability and in furnishing the tax collector with the information required for the same purpose. We have too much tax competition, too much litigation and dispute. State tax systems have been prevented from developing along logical and effective lines, and the tax burden has fallen with unequal and crushing weight upon real property. We are sorely in need of simplification and uniformity; we need a much greater degree of cooperation and coordination in the framing of fiscal policies.

How can we achieve a better-ordered, coordinated scheme of State and Federal taxes? Not by hasty action, but by beginning at once to give the subject the sustained study and discussion without which no satisfactory answer can ever be reached. One solution that has been advanced is a thoroughgoing separation of the revenue sources of Federal and State revenues. Much of our difficulty would be solved if we could assign certain forms of taxes to the Federal Government alone and others to the States alone. Overlapping would be eliminated, cost of administration would be reduced, and each jurisdiction would be free to exploit its revenue sources without the necessity of keeping an eye open to what the other is doing. Something could undoubtedly be done along this line, but it is doubtful that this remedy would be sufficient. It seems impracticable to assign to either the States or the Federal Government alone such important types of taxes as the income tax and the estate tax. Under any logical plan of separation the Federal Government would be assigned those taxes which it can

administer more effectively than the States; yet the States have particular need for these taxes. To take them away completely from the States would only result in a still heavier burden on real estate. Furthermore, any complete plan of separation would probably prove too inflexible in the long run and might become a source of friction between the States and the Federal Government.

Recognizing these difficulties, some observers advocate an extension of the principle now used in the Federal estate tax—the allowance of a limited credit against the Federal tax for a similar tax levied by the States. Perhaps, if such a credit were made conditional upon the State tax being administered under certain uniform provisions (excepting rates, of course), a large degree of simplification would be achieved. For example, a uniform method of allocation and apportionment of income arising from interstate business might be secured.

But here again there are serious objections. Such a credit would practically force the States to adopt the taxes involved and to adopt such rates as would take up the full credit—as the experience with the Federal estate tax credit has amply demonstrated. I am opposed to such a solution as tending further to undermine the sovereignty of the States, to concentrate authority in Washington, and to lessen the supervision and control which the taxpayer should exercise over the taxing power.

A third remedy which has been suggested is the enactment by Congress of a law permitting the States to tax directly interstate commerce under prescribed conditions and in accordance with specified methods—somewhat along the lines of the Federal act governing the taxation of national banks by the States. There is much to be said in favor of such a proposal. It would solve the difficulties arising from the restrictions upon the State in the taxation of interstate business, which I have already discussed, and would foster natural and effective methods of State taxation of business and State taxes upon sales or consumption. But such a law might be unconstitutional, although a strong case may be made out for its validity if properly drawn. There is a good chance that the court would uphold a law designed to promote equitable taxation, which would permit and compel the equal taxation of interstate and intrastate business, and which would relieve the courts of constant wrestling with the nice problem of determining whether a tax operates to put a direct burden on interstate commerce or only an indirect and incidental burden.

Others have stressed the urgent need of uniform State legislation with respect to some forms of taxation, particularly the income tax. If such uniformity could be secured, undoubtedly many difficulties could be erased. But the attempt to bring the States together and effect a compromise of their conflicting interests would obviously be a formidable task, though it might be accomplished if the taxpayers affected—chiefly corporations doing an interstate business—would array themselves solidly behind such a movement.

Considering the obvious objections and limitations to the various plans for eliminating or reducing the evils which beset us in this field, the only safe conclusion is that there exists an urgent need for systematic, unbiased, and comprehensive study of these problems, before we can hope to secure the coordination in our State and Federal systems of taxation which we so sorely need. Such a study should be made by some commission on which the Federal and State Governments shall be adequately represented by men of ability and breadth of view. Half of the members of this commission could be appointed by the President and half by the governors' conference. I have no doubt that the funds necessary to defray the small expenses of the commission for research and investigation could be secured without great difficulty, even in these times of financial stringency and enforced economy, for the possible benefits to be gained would far outweigh the cost. Though the task is a formidable one, the longer we delay tackling it the more difficult it will become. In view of the immense popular interest which now undoubtedly exists, this would seem to be an auspicious moment to make a start.

ABSENCE OF MEMBER

Mr. CABLE. Mr. Speaker, I would like to announce that the absence of my colleague the gentleman from Ohio, Mr. MURPHY, is due to his illness.

ORDER OF BUSINESS

Mr. SNELL. Mr. Speaker, I would like to ask about the program for to-morrow, so that we will know what is to be considered.

Mr. RAINEY. On to-morrow we will consider Muscle Shoals legislation, and on the next day the War Department appropriation bill.

THE EMERGENCY BILL AND WORLD WAR VETERANS

Mr. GARBER. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record and to include a letter.

Mr. STAFFORD. Reserving the right to object, Mr. Speaker, is the gentleman going to make the same request to extend his remarks and incorporate a letter every week? The gentleman got that request last week. I thought I was rather generous in granting him that concession that time, but I did not think it was going to be a weekly performance.

Mr. GARBER. This letter is from the regional manager of the Veterans' Bureau at Oklahoma City in reference to matters which have been under consideration in the House to-day.

Mr. STAFFORD. Well, this gentleman has some official capacity. The other was a very insignificant official. I shall not object.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. GARBER. Mr. Speaker, Members of the House, the economy bill as reported by the Economy Committee proposed curtailment of governmental expenses to the extent of \$206,000,000. As passed by the House, however, its total curtailments are estimated to be approximately \$37,800,000.

Although consuming five or more weeks of the session in hearings and investigations, the Economy Committee did not have sufficient regard for the membership of the House to furnish any evidence whatever supporting its proposals of curtailment of expenses. To present a bill composed of 10 titles, any one of which presented legislative proposals sufficient for several separate bills, unsupported by any evidence showing the need or effect of its provisions was an affront to the intelligence of the membership of the House. No wonder various provisions, unsupported by evidence or reason for enactment, were emasculated from the bill, the membership declining to accept the mere word of the Economy Committee upon matters affecting the various departments of government and repealing important provisions of the law which had been enacted only after careful study and thorough investigation based upon substantial evidence of competent witnesses and amply supported by material presented during consideration in the general procedure of the House.

There may have been provisions of the bill having much merit which, when redrafted, revised, supported by hearings and open discussion in orderly procedure, would warrant their enactment. But the individual membership passing upon such provisions can not afford, in the exercise of their responsibility direct to the constituents, simply to take the "I say so" of the Economy Committee in brutal violation of the consideration the committee owed to the membership in furnishing at least the information it had received in consideration of the important questions presented.

Sections 901 to 910, inclusive, of Title IX, so loosely written as to be susceptible of several different interpretations increasing the uncertainty as to their significance and probable effect, was a proposed revision of some of the most important features of veterans' legislation. These proposals, destructive of years of experimentation, revision, amendments, and constructive legislation, were fortunately stricken from the bill on motion and the subject matter referred to a committee of 14 Members, 7 to be appointed from the Senate and 7 from the House, with instructions carefully to examine into and report needed changes in veterans' legislation.

As the provisions in the economy bill will be construed as a recommendation by the Economy Committee to the special committee for its consideration, we briefly state our objections to such proposals.

I shall not undertake to discuss the 10 provisions applicable to veterans, but will confine my remarks to several of the more important and significant of them.

Section 901, embodying the "need" provision which has been earnestly and vigorously opposed whenever it has been suggested to apply to veterans' laws, with certain exceptions would prohibit the payment or granting of allowance, compensation, retired pay under the emergency officers' retirement act of May 24, 1928, pension, hospitalization, or domiciliary care administered by the Veterans' Administration to any person whose net income is \$1,500 or more if single, or \$3,500 or more if married, with \$400 additional for each dependent, for the year preceding the date of enactment of this act or the filing of application for benefits, whichever is the later date. It further provides that annually a person must show to the satisfaction of the administrator that his net income was below the amount

specified in order to be entitled to continue to receive benefits which may have been awarded. If his income status changes during the year, upon submission of proof showing reduction of income below the specified figures when prorated monthly, the administrator may, effective as of the date of administrative determination, allow such benefits as may otherwise be authorized. Government insurance, allowance, compensation, retired pay, or pension would not be considered in computation of income.

The exemptions provided in this section are:

1. Those persons who have attained the age of 65 years.
2. Those persons who served in the active military or naval forces and actually suffered an injury or contracted a disease in line of duty as a result of and directly attributable to such service. To come within this exception the veteran must show some causative factor, such as an injury or extreme exposure arising out of and in the course of the performance of his duty and directly resulting from such performance of duty.
3. Those persons who are temporarily totally disabled or permanently and totally disabled as a result of disease or injury acquired in or aggravated by active military or naval service. To come within this exemption the veteran need only show entitlement to service connection for his disability under the general law as governing payment of compensation or pension and be actually totally disabled.
4. All widows and dependents entitled to compensation or pension on account of the death of any person who served in the active military or naval service.
5. Those persons who were actually engaged in combat with the enemy, who served in a zone of hostilities, or who were actually under fire.

This provision of the bill, with the exceptions noted, says, in effect, to our veterans, "If you need it and will prove to us that you do need it, we will give you a helping hand." It is not so much the denial of material benefits in that provision which makes it so unpalatable to our veterans and to the people generally. It is the requirement that our veterans come to the Government with outstretched hands and proof of their financial need in order to secure the benefits which the American people wish them to have. Every veterans' organization has condemned that "pauper clause." Our veterans do not want it under any circumstances. To place our compensation system on a basis of financial need is in open defiance of the principles of its enactment, namely, a measure of appreciation for honorable service and in recognition of disabilities suffered in line of duty, and our veterans, as well as the American people, resent any move, direct or indirect, intended or inadvertent, to place them in the category of paupers.

It is not clear just what effect this section would have on the presumptive service section of the law with regard to compensation cases but it appears that it would at least materially limit its application.

But though its effect on the privilege of presumptive benefits for compensation purposes apparently rests largely upon a question of interpretation, section 903 of the bill specifically denies its operation in officers' retirement cases and limits these benefits to officers who have served as members of the Military or Naval Establishment between April 6, 1917, and November 11, 1918, and who have actually contracted a disease or suffered an injury in line of duty as a result of and directly attributable to such service between the dates mentioned, or who have served a period of 90 days or more between April 6, 1917, and November 11, 1918, and actually contracted a disease or suffered an injury in line of duty as a result and directly attributable to service subsequent to November 11, 1918, and prior to July 3, 1921.

Such requirements for proof that disease has actually been contracted in line of duty and is directly attributable to service are based on the theory that if a thing is true, it can be proved so, and entirely disregard the fact that the presumptive service clause was enacted only after experience had convinced us that such a theory is impractical and leads to that injustice and discrimination which we have been fighting and have partially overcome through the enactment of our liberalizing amendments to the original laws for veterans' relief.

Are we to scrap all that we have gained in experience in solving this problem of veterans' relief and return again to the strict application of the letter of the law, denying its

spirit and intent? Shall we repudiate our policy of giving the veteran the benefit of doubt and place veterans' relief upon a strictly material basis?

There were nine classes of officers in the World War. These were the regular officers of the Army, Navy, and Marine Corps; the provisional officers of the Army, Navy, and Marine Corps; and the emergency officers of the Navy, Marine Corps, and the Army.

Who were these emergency officers? They were the platoon commanders, the company and battalion commanders, who led their men in the most desperate fighting against rifle and artillery fire, machine guns, flame projectors, poison gas, led them through barbed wire, mud, and blood, with the destructive forces of hell itself turned loose against them. Their courage and sacrifices stirred the admiration of the world at the time; but it was 10 years before we were able to enact the emergency officers' retirement act and so place them on an equality with the eight other classes of disabled officers who fought in the World War.

The War Department records show that 2,191 Army officers were killed in action or died of wounds received in action in the World War. Of this number, 93 per cent came from one class—the emergency Army officers for whose retirement on a parity with the other classes of officers the American Legion, composed of 85 per cent enlisted men, worked tirelessly for a decade.

The report of the committee on this section of the bill states:

When the act of May 24, 1928, was enacted into law, your committee believed that it was generally understood that the class of officers to be affected were those who had actually incurred their disabilities in line of duty as the result of some causative factor arising out of and in the course of the performance of duty in the active military or naval service. In the light of certain rulings by the Attorney General, however, several thousands of ex-officers have been paid emergency officers' retirement pay, although they have had to rely for service connection for their disabilities on certain liberal presumptions provided for compensation purposes in the World War veterans' act, 1924, as amended.

And so the committee drafted the provision of the bill requiring a showing of disability actually contracted in line of duty, and specifically denying to them the benefits of presumptive service connection. There were 6,000 Regular Army officers in the Army at the beginning of the war. Since that date and to 1926, 1,109 Regular Army officers were retired for disability, and 645 Regular Army officers were retired for reasons other than disability, a total of 1,754 Regular Army officers retired since the beginning of the war. Surely such retirement has been generously accorded in recognition of service well rendered—and it is right that it should be so. But is this narrow policy which we were asked to adopt with reference to our emergency officers in conformity to the purpose of the original act, namely, to place them on a parity with other classes of officers? We maintain that it is not. What, then, would be our justification for seriously considering an amendment which would discriminate against a class of officers second to none in heroism and personal sacrifices?

April 6, 1917, to July 2, 1921, is defined in the original World War veterans' act as the World War period, and persons serving during that time were classed as veterans of that war. But section 906 of this bill provides that unless active military or naval service was rendered between April 6, 1917, and November 11, 1918, no compensation shall be payable for disability or death resulting from injury suffered or disease contracted during the active service in an enlistment entered into after November 1, 1918, and would transfer from the compensation to the general pension rolls of the Regular Establishment the names of persons now receiving compensation benefits, and reclassify the veteran who served in an enlistment after November 11, 1918, as a peace-time soldier, not a veteran of the World War nor entitled to be treated on a parity with war veterans.

Section 908 is in effect a refusal to adjust a wrong in behalf of the deceased veteran's dependents. It would repeal sections 305 and 309 of the World War veterans' act, 1924, as amended, which provided in substance that if an insured at date of lapse of the insurance was suffering with a com-

pensable disability and at date of permanent total disability or death is entitled to uncollected compensation or the \$60 bonus, or both, that such uncollected money shall be applied to cover the unpaid premiums, and to the extent that such money covers said premiums so much of the insurance will be deemed not to have lapsed.

Section 908 would say to the needy widow, "We grant that your husband should have been receiving compensation prior to his death and that, if he had been, perhaps his insurance would not have entirely lapsed and you and your children would now be provided for; but unfortunately it is now too late. By his death he has canceled our responsibility in the matter." Claims wherein the insured actually contracted a disease or suffered an injury in line of duty between April 6, 1917, and November 11, 1918, as a result of and directly attributable to actual combat with the enemy during war service, and as a result of such disease or injury dies or has died or becomes or has become permanently and totally disabled, are excepted from this section of the bill, though, in view of the strict requirements for positive showing, it would seem that there would be few cases so definitely capable of establishment as meritorious where the compensation status would not have been adjusted and the payments duly made.

There should be no limit on the application of justice. Where benefits are provided, the only limitation on them should be through failure to establish merit of the case. To say that a case meritorious to-day would not be equally meritorious to-morrow, is to defer to an arbitrary, tyrannical rule which can not be justified from any reasonable standpoint. Our veterans' laws have been drawn in an effort to correct wrongs, to give the benefit of the doubt to the veterans, and, in short, to deal with this class of our citizens in the spirit of justice and gratitude. We have fallen short of this ideal in many ways, but working and profiting by experience we have, through liberalization and amendment of the laws, corrected many discriminations and extended many needed benefits.

The high-hearted, courageous, self-sacrificing spirit of our boys in 1917 was as much a factor in the termination of the war as were the forces of our material strength. It was an indomitable spirit based on a sense of justice and loyalty to a Government regarded as the greatest friend an American citizen has—and so our boys cheerfully answered its call and went out to lay down their lives for such a friend.

But is this a friendly attitude expressed in the veterans' provisions of this bill, in this proposed hurried limitation and destruction of benefits granted only after careful investigation and thorough consideration? It were far better never to have enacted such benefits for our veterans than to grant them in our plenty and hastily withdraw them when times are "hard," as if they were mere careless, undeserved gifts, and the Government an indulgent benefactor. If we had enacted these amendments, while we might have saved a certain sum in dollars and cents, it would have been at the expense of ideals of unselfish sacrifice and unquestioning loyalty, of faith and trust in a Government which while it may demand all, is deeply appreciative and as generous in its gratitude as it is exacting in its demands. We can not afford, we dare not risk, such costly economy.

EXEMPTION FROM QUOTA OF FATHERS AND MOTHERS OVER 60 YEARS OF AGE OF UNITED STATES CITIZENS

Mr. O'CONNOR, from the Committee on Rules, submitted the following privileged report (H. Res. 211) on the bill (H. R. 8174) to exempt from the quota fathers and mothers over 60 years of age of United States citizens, which was referred to the House Calendar and ordered printed:

House Resolution 211

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 8174, a bill "To exempt from the quota fathers and mothers over 60 years of age of United States citizens."

That after general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided

and controlled by the chairman and ranking minority member of the Committee on Immigration and Naturalization, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill, and any amendments thereto to final passage without intervening motion except one motion to recommit.

MR. WARREN, CHAIRMAN OF THE COMMITTEE OF THE WHOLE HOUSE ON THE STATE OF THE UNION

Mr. CANNON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CANNON. I trust it is not amiss, Mr. Speaker, to refer at this time to the ability and impartiality with which the gentleman from North Carolina [Mr. WARREN] presided as Chairman of the Committee of the Whole House on the state of the Union during the consideration of one of the most difficult of all the bills of the session. [Applause.]

STOCK-EXCHANGE SECURITIES

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DICKSTEIN. Mr. Speaker, if ever there was a time when the phrase coined by Chief Justice Marshall was more than appropriate, it is now, when we are seeking to tax stock-exchange securities and all transfers of stock to such an extent that it will be impossible to make any transfers of stock in the future.

Chief Justice Marshall said, "The power to tax is the power to destroy," and it would seem that what Congress is bent on doing is to destroy all possibility of making transfers of stock from one individual to another.

It has ever been a prolific source of revenue to both the Federal Government and to the States to tax issues and transfers of capital stock, particularly the State of New York, which has seen fit for over 20 years to tax transfers of stock, and it has ever been a great source of revenue to the State government.

Under the stress of war conditions back in 1917 our Federal Government has likewise embarked upon a system of taxing transfers of stock under its laws, so that for many years past any person who saw fit to sell his securities was obliged to pay not only to the State but also to the Federal Government a tax which was fixed by the Federal Government at 2 cents for each \$100 par value of stock and by the State government of the State of New York at the same figure.

A few months ago, in order to balance the budget of the State of New York, our governor recommended to the legislature of the State, and the legislature promptly enacted, a bill doubling our State transfer tax, so that instead of 2 cents per share of \$100 or less par value the tax that the State of New York now charges on transfers of stock is 4 cents on such transfers.

Protests against this cumulative legislation has been uttered not only by holders of securities but by our national stock exchanges, which feel that by passing such legislation we will legislate out of business any transfers of stock in the future.

Now the Federal Government is seeking to obtain additional revenue by doubling this tax from 2 cents to 4 cents on the transfer of each share on stocks which sell at the par value of \$100 per share or less, but—and this is significant—this tax shall not be less than one-quarter of 1 per cent of the selling price of any such share.

It therefore means that where the selling price of stock is \$25 per share the tax on it will not be 4 cents per share, but will be $6\frac{1}{4}$ cents per share, and where the selling price is \$100 the tax will be \$2.50 per share, and so forth in like proportions. This so-called proviso really fixes the tax on stocks which sell at one-quarter of 1 per cent of its selling price, while in the case of stocks that do not sell it will be 4 cents per share.

It will therefore be necessary for one who deals on the New York Stock Exchange or who sells securities in the State of New York not only to pay 4 cents to the State government on each transfer of stock but at least the same sum of money to the Federal Government as well, so that it will cost 8 cents to transfer each share of stock, irrespective of the price for which the stock was bought, and, in the case of stocks which have a real selling value, one-quarter of 1 per cent of their selling price.

The practical result of this legislation will be that every share of stock now held by any individual will be worth 8 cents less than it otherwise would be worth, and in the case of stocks which have a real selling price they will be worth one-quarter of 1 per cent less.

Does Congress really intend to exercise its power of taxation for the purpose of destroying all possible source of revenue from this activity? True, the condition of the Treasury requires attention. True, we must balance our Budget, but it is very doubtful whether this source of revenue will yield much to the Government when increased to such an exorbitant figure as to make all transfers of stock highly unprofitable.

In taxation particularly, we must never lose sight of the fact that the only sound and intelligent way by which taxes may be imposed is where taxes themselves are easily collected and certain of collection. Where a tax is too high, it usually drives out the business which is sought to be taxed, and as a result instead of an increased revenue it diminishes itself. We see instances of it before our eyes every day. For instance, if we increase our postage rates, fewer letters are sent. If we fix a tax on railroad fares, railroad traffic suffers. If we impose a sales tax, sales diminish, and if we impose surtaxes which are too high we drive capital out of business.

The Federal Government's revenues were never as high as during the period during which taxes were continually diminishing and during which the amount of taxation increased while the sources of taxation were being gradually eliminated.

I do not wish to advocate a complete cessation of taxes on transfers of stock. We had a transfer of stock tax for many years and it worked out fairly and properly; but I am afraid that by increasing it beyond what the business can carry, we shall be unable to collect even as much as we have heretofore collected under the present taxes.

Until a few months ago a total tax payable in New York was 4 cents per share, which included 2 cents to the Federal Government and 2 cents to the State. Now, the State of New York has increased its tax of 4 cents a share, and anybody wishing to transfer stock in New York must pay 6 cents on each transfer. This is decidedly a very high figure, probably the highest figure in the history of our country and the highest figure which can possibly still be imposed on transfers of stock to make them enforceable. If this tax be further raised as now contemplated, it will drive out any possibility of a successful marketing of stocks and will drive out of business all the stock exchanges in the country.

Particularly will this tax be onerous on the small exchanges which deal with stocks selling at par values of less than \$100.

If this additional tax be imposed, it will be impossible to sell any stocks which have a par value as small as are stocks customarily traded on the New York Curb Exchange and any exchanges throughout the country where the par value of stocks traded is less than \$100 per share.

We may have our own views on the importance or necessity of stock exchanges in the business life of our country. There may be ever so much opposition to their methods of doing business or to their necessity in our modern business life. But we must not lose sight of the fact that the time will come when the business life of the country will again demand a free and steady market for securities and will demand that stock exchanges be in a position to do their work unhampered by any burdensome restrictions on the sale of securities.

Those of us who have lost money in the panic of 1929 might have our own views about the exchanges, and may perhaps think that the country would be better off without them, but such is not the fact.

A study of the history from the early seventeenth century, when merchants in the large European centers had to band themselves together to establish exchanges in which goods or securities were freely dealt with, will convince an unprejudiced observer of the fact that the time will never come when exchanges could be dispensed with. They perform a useful function, are necessary markets for the sale and exchange of goods and securities, and while there may be abuses that should be cured by legislation, nevertheless nothing should be placed in their way for a successful carrying on of their work within their proper sphere.

We must not lose sight of the fact that in the early years of our economic history it was not the banks but the exchanges of the country which promoted our early pioneering industries. It was the exchanges which were making it possible for our young industries to develop while banks would do nothing to promote their interests. It was only by the help of exchanges that oil, mining, and other pioneering ventures have reached the position in the country which they now occupy.

But let us forget the exchanges for a while. Let us bear in mind the fact that the latest official statistics show 18,000,000 individual stockholders in the United States, or approximately 1 to each American family, every person, be he ever so humble, owning a share of stock in any of our industries will be affected by this proposed legislation, and it will make it impossible for the 18,000,000 men, women, or children security holders in the United States to market their securities.

It is not necessary to sell securities in the stock exchange, but securities are often traded in directly from person to person.

Do we wish to destroy security values in the hands of any person to the extent of one-quarter of 1 per cent of their selling price?

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 460. An act to give war-time commissioned rank to retired warrant officers and enlisted men;

S. 2428. An act to provide for the confirmation of a selection of certain lands by the State of Arizona for the benefit of the University of Arizona;

S. 2967. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Randolph, Mo.; and

S. 3953. An act to amend the act approved February 7, 1927, entitled "An act to promote the mining of potash on the public domain."

EXTENSION OF REMARKS—THE ECONOMY BILL

Mr. OSIAS. Mr. Speaker, on or about the second week of April, 1932, the newspapers of the country carried the news that a proposal was submitted to the Economy Committee of the House of Representatives to transfer the expenses for the Philippine Scouts, a unit of the United States Army, to the government of the Philippine Islands.

Immediately after I learned of the nature of the proposal I communicated, on behalf of the people whom I represent, with the chairman of the committee, as follows:

APRIL 12, 1932.

HON. JOHN McDUFFIE,

Chairman Economy Committee,

House of Representatives, Washington, D. C.

MY DEAR MR. McDUFFIE: I am writing most respectfully to make a few observations regarding the proposal submitted to shift Army expenses involving approximately \$5,000,000 annually to the government of the Philippine Islands.

It is proposed, as I understand, that the expenses for the Philippine Scouts should be borne by the Philippine government. The Philippine Scouts, as you and the members of the committee undoubtedly know, form a part and parcel of the Army of the United States in the Philippines. The Army personnel in the islands consists at present of approximately 10,000, some 6,500 of

whom are Filipinos. This organization should not be confused with the Philippine Constabulary, which is the insular police force of approximately 7,000, the expenses for which are and have been borne by the Philippine government.

The Philippine Scouts are of your creation, not ours; they are America's Army, not ours. To transfer the expenses for this part of the United States Army to the Philippine government would be strange and unprecedented.

The proposal is made in the guise of economy in the Federal Government. The amount involved would be a mere bagatelle to a government great and wealthy, but it would be burdensome to a government like ours.

The approval of this proposal would establish a bad precedent. It means that officials in no way responsible to the Philippine government could enlarge the Army in the Philippines, it being under the administrative control of a department of the United States Government, increase the expenditure, and then saddle it on to our Government. Theoretically, therefore, a unit of government under the American flag could thus be plunged into bankruptcy.

This step, if carried out, would be a most dangerous precedent, one which should serve as a warning to every State, Territory, or possession of the United States. Once such a policy is inaugurated, there is no reason why Army expenditures could not be shifted to the government of a State or Territory, at least for that unit of the Army or personnel domiciled within the boundaries of a State or Territory. This would mean ruinous imposts foisted upon a State, Territory, or possession of the United States.

In the particular case under consideration it would be violative of our budgetary autonomy. For several years we had enjoyed virtual financial autonomy in our domestic affairs through the concessions of increased autonomous powers by the United States Government. With this proposal enacted into law by Congress, the Filipino people would never know exactly just what expenses our government may be called upon to bear, and it would mean in effect that not only would our budget be unbalanced but it would be subjected everlastingly to the danger of incurring unforeseen deficit.

But the principle involved more strongly than the amount of money which this proposal entails should weigh even more heavily upon the minds and consciences of the committee members.

Without bringing out other ramifications of this question, I most earnestly appeal to the high sense of justice of the committee and trust they will not permit the inclusion of this particular proposal in their program.

Very respectfully,

CAMILO OSIAS.

A copy of the foregoing letter was furnished each member of the committee.

A memorandum was also prepared by the Philippine delegation now in Washington, which was circulated for purposes of information. I hereby subjoin the document:

MEMORANDUM ON PROPOSED TRANSFER OF EXPENSES OF PHILIPPINE SCOUTS (UNITED STATES ARMY) TO PHILIPPINE GOVERNMENT

The proposal to transfer the cost and upkeep of the Philippine Scouts from the United States Government to the Philippine government is unjustified. The Philippine Scouts are a part of the Regular Army of the United States. They were organized by the Congress of the United States for purely American purposes. They are not an organization subject to the jurisdiction of the government of the Philippine Islands but are at all times controlled by the American Government.

Practically since the completion of the work of pacification of the Philippine Islands, the Philippine Scouts have not been used for the maintenance of public order in the Philippines. This function is entrusted to the Philippine constabulary, a Philippine national organization created and supported exclusively by the Philippine government. The Philippine constabulary is being kept at a strength adequate for that purpose.

On the basis of these facts it would be most unfair to compel the government of the Philippine Islands to bear the cost of the Philippine Scouts, which, as has been stated, is not a Philippine organization but is a part of the United States Regular Army, especially at this time, when the Philippine government is succeeding in balancing its budget only with great difficulty. This will be made evident by a mere recital of the laws authorizing the organization of the Philippine Scouts.

HISTORY OF THE ORGANIZATION OF THE PHILIPPINE SCOUTS

By the act of Congress approved February 2, 1901, "to increase the efficiency of the permanent Military Establishment of the United States," the authority to organize the Philippine Scouts was granted to the President of the United States, as follows:

"Sec. 36. That when in his opinion the conditions in the Philippine Islands justify such action, the President is authorized to enlist natives of those islands for service in the Army, to be organized as scouts, with such officers as he shall deem necessary for their proper control, or as troops or companies, as authorized by this act, for the Regular Army. The President is further authorized, in his discretion, to form companies, organized as are companies of the Regular Army, in squadrons or battalions, with officers and noncommissioned officers corresponding to similar organizations in the Cavalry and Infantry Arms. The total number of enlisted men in said native organizations shall not exceed 12,000, and the total enlisted force of the line of the Army, to-

gether with such native force, shall not exceed at any one time 100,000.

"The majors to command the squadrons and battalions shall be selected by the President from captains of the line of the Regular Army, and while so serving they shall have the rank, pay, and allowance of the grade of major. The captains of the troops or companies shall be selected by the President from first lieutenants of the line of the Regular Army; and while so serving they shall have the rank, pay, and allowances of captain of the arm to which assigned. The squadron and battalion staff officers, and first and second lieutenants of companies may be selected from the noncommissioned officers or enlisted men of the Regular Army of not less than two years' service, or from officers or noncommissioned officers or enlisted men serving, or who have served, in the volunteers subsequent to April 21, 1898, and officers of those grades shall be given provisional appointments for a period of four years each, and no such appointments shall be continued for a second or subsequent term unless the officer's conduct shall have been satisfactory in every respect. The pay and allowances of provisional officers of native organizations shall be those authorized for officers of like grades in the Regular Army. The pay, rations, and clothing allowances to be authorized for the enlisted men shall be fixed by the Secretary of War, and shall not exceed those authorized for the Regular Army.

"When, in the opinion of the President, natives of the Philippine Islands shall, by their services and character, show fitness for command, the President is authorized to make provisional appointments to the grade of second and first lieutenants from such natives, who when so appointed, shall have the pay and allowances to be fixed by the Secretary of War, not exceeding those of corresponding grades of the Regular Army."

By section 37 of this same act, the President was also authorized "to organize and maintain a provisional regiment of not exceeding three battalions of infantry, for service in Porto Rico, the enlisted strength thereof to be composed of natives of that island as far as practicable."

The Philippine Scouts, organized under section 36 of this act, and the Porto Rican regiment, organized under section 37 thereof, are in effect parts of the Regular Army, and the entire expense connected with their service is paid from United States appropriations. The purposes of their creation were not dissimilar. It will be seen from the provision with reference to pay and allowance of the enlisted men that there was no thought in maintaining in those insular possessions armed forces of the United States at a cost less than would be necessary for an equivalent of American troops sent from the United States. Enlisted men in the Philippine Scouts receive only half the pay of soldiers in the Regular Army.

Pursuant to the act of February 2, 1901, the Philippine Scouts were organized by order of the War Department, dated September 28, 1901. From the date of their organization the Philippine Scouts have always been considered and administered as part of the Regular Army in the Philippines. When American troops have been withdrawn from the Philippines for any purpose they were always replaced by Philippine Scouts.

In 1917, when the American garrisons in the Philippines were withdrawn, Philippine Scouts were increased in strength to replace American troops.

EXISTENCE OF PHILIPPINE SCOUTS DEPENDENT UPON PRESIDENT

An examination of the provisions of section 36 of the act of February 2, 1901, relating to Philippine Scouts will show that they have been maintained substantially without change under the national defense act, approved June 3, 1916, and in the act of May 10, 1926. Under these laws the number of enlisted men and officers who constitute the Philippine Scouts is determined by the President. He is empowered to increase their strength up to 12,000 or reduce it without restriction.

"The pay and allowances of whatever nature and kind to be authorized for the enlisted men for the Philippine Scouts shall be fixed by the Secretary of War."

The national defense act provides that "the number of enlisted men of the Regular Army shall not exceed 280,000, including the Philippine Scouts."

Briefly, the United States maintains the Philippine Scouts at a strength prescribed by the Government of the United States without reference to any authority of the Philippine government. The law creating the Philippine Scouts and Porto Rican Regiment has been modified from time to time, but these troops have always been parts of the Regular Army and have been maintained for the convenience of the United States at a strength fixed by the President and supported by the United States Treasury.

On April 25 the Committee on Rules heard the members of the Economy Committee on H. R. 11597, which originally embodied in section 302 the proposal to which reference has been made. The pertinent provisions were these:

Sec. 302. (a) All expenses incurred on and after July 1, 1932, on account of the Philippine Scouts shall be charged to the government of the Philippine Islands. The Secretary of War shall certify periodically to the Governor General of the Philippine Islands the expenses incurred on account of the Philippine Scouts, and the amount of such expenses shall be collected from the Philippine government by the Secretary of War and deposited to the credit of miscellaneous receipts in the United States Treasury.

(b) The President is authorized at any time to disband the Philippine Scouts or to reduce the personnel thereof.

I was given the privilege to appear before the Committee on Rules, and on that occasion I made this brief statement:

Mr. Chairman and gentlemen of the committee, I can get through with what I have to present in about two minutes.

My first point is to request that, regardless of the rule which may be secured by the Economy Committee, section 302 of the bill under discussion, which has to do with the transfer of all expenses incurred on and after July 1, 1932, on account of the Philippine Scouts to the Philippine government be omitted. I make bold to make this petition, for I am invoking a precedent set by the Seventy-first Congress with respect to the immigration bill. The Committee on Rules cooperated with the Committee on Immigration and Naturalization to strike out the provisions relating to Philippine immigration from a general immigration restriction bill. The elimination of this highly controversial provision would facilitate action on the balance of this bill.

My second point is that the approval of this proposal will establish a practice unheard of in the history of our relations. The Philippine Scouts are a part and parcel of the United States Army. This section of the bill charges the Philippine Government such amounts as the Secretary of War may certify, and empowers him to make the collection from the Philippine Treasury. This would be tantamount to levying ruinous imposts on our Government for something which it did not create or organize.

Subsection (b) authorizes the President "at any time to disband the Philippine Scouts or to reduce the personnel thereof." Mr. Chairman, I beg to call attention to the fact that the act of Congress approved February 2, 1901, already vests authority in the President to organize this particular unit of the American Army in the Philippines not in excess of 12,000 or to reduce the personnel practically without restriction.

I plead with the members of the Committee on Rules and the Economy Committee to help us eliminate section 302 (a) from this bill. I am confident that no Member familiar with the early tradition and history of his country could knowingly and conscientiously vote in favor of this unjust and unjustifiable proposal.

After reconsideration the Economy Committee decided to eliminate the objectionable features from the bill.

I wish to express the gratitude of the people of the Philippine Islands and of myself to the Economy Committee, the Committee on Rules, and the Committee of the Whole House on the state of the Union for the favorable action taken on this matter. It is one more proof that the Congress wishes to do that which is just and right to the government of the Philippines. It also clearly reveals that the Members of Congress and the Filipinos are one in their desire that a relationship which had its genesis in misunderstanding and war shall terminate in peace and friendship.

Mr. FERNANDEZ. Mr. Speaker, ladies, and gentlemen, under leave to extend my remarks to H. R. 11597, to effect economies in the National Government, which was attached as a rider to H. R. 11267, legislative appropriations bill, I make the following observation: The Economy Committee submitted report claiming that savings of approximately \$200,000,000 would be effected if their plan was adopted. Their plan embodied four parts, namely:

First. Dealing with personnel and reduction of salaries of Federal employees.

Second. Miscellaneous items recommended to be reduced or eliminated.

Third. Consolidation of agencies and bureaus.

Fourth. Had to do with relief of veterans of past wars.

I opposed plan No. 1, the reduction of Federal employees' salaries. However, as an alternative to the specific amendment as submitted to increase the exemption to \$2,500 per annum per Federal employee, which was in line with the temper of the House, I naturally voted for the larger exemption, because statistics in the record show that by cutting everyone's salary 10 per cent from the President down to the lowly laborer only eight days of the present Budget deficit would have been met in time. To cut everybody's salary 10 per cent over \$5,000 would have meant that the Budget deficit would have been met in time for one-half day only.

We have been told that what the country needs is an increase in purchasing power of the consumer, and now are told that the country's need for the psychological effect is a reduction in salaries of Federal employees. How in the name of common sense can you increase the purchasing power of the country by reducing employees' salaries? Certainly

it stands to reason that if an employee's income is lessened, then naturally his purchasing power is reduced, and thereby has a resultant telling effect on the business in the communities. For example, in the city of New Orleans we have thousands of Federal employees who are receiving salaries under \$2,500 annually. Who will suffer? Not only will employees suffer but also will the merchants and business in general suffer.

The slashing of Federal salaries is insignificant as to balancing the Budget. It is especially insignificant when one considers the far-reaching drastic effects such a move would have in face of an already intolerable economic, chaotic condition, from which the Nation as one should strive incessantly to emerge. Further it is repellant in view of the bad psychological effect a reduction by the Government in the salaries of their employees would bear upon the employers in other lines of business and industry who would so willingly take advantage of such an occurrence, with a general reduction in salaries to follow.

Plan No. 2, vocational education: Under this plan the annual appropriation amounting to \$7,167,000 would have been reduced in the sum of 10 per cent of that amount and a like sum for each succeeding year, so that after 1942 these appropriations would have been abolished. I voted to eliminate this provision from the economy bill. Man has always been subject to disabling injury and disease. The increase of diseases and accidents growing out of the concentration of people in communities and work places has created a condition that demands attention. Despite the splendid efforts and actual achievements of organized safety movements the total number of accidents occurring annually has grown steadily.

These are the people who may be rehabilitated through the process of vocational education established throughout the several States and aided by the Federal Government through this congressional appropriation for the Federal Board of Vocational Education. Experience has shown that vocational rehabilitation has to be accomplished through the case rather than the group method. Each person presents a special problem which requires individual treatment. The objective is to fit the disabled person for the best possible type of employment in which he can or may profitably fit, so as to be made economically independent and not a social burden. Statistics show that since the national vocational-education program was inaugurated in the year of 1920, 40,000 such disabled persons were rehabilitated and returned to self-supporting employment.

During the fiscal year 1928-29 the several States engaged in this rehabilitation service returned to remunerative employment between 5,000 and 6,000 disabled persons. These individuals were fitted for over 500 different kinds of occupations. Between 15,000 and 16,000 disabled persons are at this time in process of rehabilitation under the auspices of the several State rehabilitation departments. So in weighing the good this work can accomplish as against the expenses for the Federal Board of Vocational Education and the consequent added burden to society, I voted to strike out the provision that would have gradually meant death to these congressional appropriations.

Army Transport Service, Naval Transportation Service, and Panama Railroad Steamship Line: I voted to retain these Government services for the reason that these form an integral part of our national defense, for statistics are to the effect that it would be more costly to the Government to discontinue these services.

Plan No. 3: This calls for Federal departmental reorganization. According to the provision of section 401 of the economy act as passed by the House of Representatives May 4, 1932, it is declared to be the policy of Congress to group, coordinate, and consolidate executive and administrative agencies of the Government, as nearly as may be, according to major purpose; to reduce the number of such agencies by consolidating those having similar functions under a single head; to eliminate overlapping and duplication of effort and to segregate regulatory agencies and functions from those of an administrative and executive character; and to

this end the President is given limited power or authority by Congress to carry out the provisions of this declaration of policy by Congress. I voted for sustenance of this particular provision in face of the fact that the Federal Government must face some sort of a retrenchment program, and wise economy must be practiced at this particular time.

Plan No. 4: Would have cut down relief and hospitalization to veterans of all wars and military expeditions. This entire section was eliminated from the economy bill and, instead, a congressional committee was recommended to look into this feature of proposed economy. Of course, I voted to strike out this provision from the legislative appropriations bill's rider.

I voted to create and organize a Public Works Administration because it is believed that substantial economies and increased efficiency in the construction activities of the Federal Government will be secured through the enactment of this legislation. The purpose, the committee report says, is to form a service agency for all departments and establishments * * * construction activities now form only an incidental part of the duties of many scattered agencies and the work is necessarily in the hands of subordinates.

In short, it is contended that this new department will mean superior results in management and execution; substantial economies; an effective system of administrative overhead, control, and coordinated activity; furnishes the means by which overlapping and conflicts of jurisdiction may be readily adjusted; facilitates the standardization of administrative processes and procedures in construction work; furnishes necessary foundation for a properly organized and administered budgetary system for legislative consideration in the appropriation of public moneys for such construction activities correlated along functional lines; decreases the number of agencies with which those wishing to transact business with the Federal Government must contend; and, above all, permits the centralization of general business operations, such as purchasing and the custody and issuing of supplies and the maintenance of libraries, blueprint plants, specification writers, inspectors, and field supervisors.

This provision further provides that military and naval engineers may be detailed to any division of the Public Works Administration for which they are qualified, as through their training and experience in rivers and harbors, navigation, and flood-control work, military and naval engineers are now better prepared to deal with the large problems they must face in a war emergency.

Under the economy bill as passed by the House of Representatives the committee estimates that the savings under Titles I, II, III, and VII will amount to \$42,314,000.

It is pertinent to point out that under Title I, salary-reduction section, it was calculated by the committee that \$67,000,000 would be saved; but as amended, with \$2,500 exemption, only \$12,000,000 was saved. Fifty-five million dollars was to be taken from the pay of the low-salaried Federal employees, as 70 per cent of all the pay roll is in the class under \$2,500 per annum.

It is unthinkable that the people whom I have the honor to represent would be willing to tax the underpaid Federal employees to the extent of \$55,000,000 to help balance the Budget, in view of what has happened in this country in recent years.

It is true that a dangerous deficit was created over two years by the refusal of the Republican administration to cut expenses and raise taxes to balance the National Budget. In 1930 out of a total expenditure of \$3,846,605,149 only \$1,274,850,467 were spent for operating the Government. The difference went for interest and premium on the public debt, debt reduction, grants to the States, pensions, public works, special business enterprises (Panama Canal), investments in securities of the Federal land and intermediate credit banks. Therefore, it is plain to understand that, when the House Committee on Appropriations decided to economize, cuts had to be made out of a comparatively small per cent of the expenditures of the Government. The House Appropriations Committee did adopt in the various supply

bills cuts ranging from 2 per cent to 11 per cent, and thus far the Senate has reduced those appropriations by a level of 10 per cent.

IMPORTANT LEGISLATION PASSED AND ITS EFFECT

The first important legislative bill passed by this Congress was the granting of a moratorium to the European nations. This measure was primarily designed to relieve the depression, which existed in this country at that time, and now exists, and which exists to a greater degree in the other countries. I recall, the President of the Republic of Germany, a country with which we had been in war, writing the President of the United States for aid, and he intimated that unless this aid was given they (Germany) might suffer a governmental financial collapse, and with it would go the collapse of the smaller nations around Germany—resulting in stoppage of trade, business stagnation, and all loans to Germany, private and public, endangered. The result of this legislation, Congress ratifying the moratorium, added \$250,000,000 to our Budgetary requirements this year, and the next fiscal year will add \$270,000,000.

Then the Reconstruction Finance Corporation was created, for which \$500,000,000 were appropriated, to provide emergency financing facilities and relief for financial institutions, financially aiding agricultural, commercial, and industrial interests, and for other purposes.

The quarterly report of this corporation filed with Congress April 1, 1932, shows that loans were made as follows:

1. To 858 banks and trust companies, including \$2,173,000 to aid in the reorganization or liquidation of 7 closed banks, \$158,182,242.06.
2. To 30 building and loan associations (none located in Louisiana), \$4,879,750.
3. To 18 insurance companies, \$7,080,000.
4. To 2 joint-stock land banks, \$775,000.
5. To 1 livestock credit corporation, \$496,990.
6. To 2 agricultural credit corporations, \$21,200.
7. To 8 mortgage loan companies, \$6,517,000.
8. To 16 railroads (including \$7,335,800 to 2 railroad receivers), \$60,787,757.

As to the railroads, I believe it was generally understood that the money would be loaned to a railroad substantially for refinancing; in other words, to prevent outstanding securities from defaulting, because of the wide ownership of railroad bonds by insurance companies, savings banks, national banks, and trust companies.

FEDERAL RESERVE SYSTEM (IMPROVEMENT OF FACILITIES)

On February 15, 1932, the House of Representatives passed what is known as the Glass-Steagall bill, with three propositions involved. One authorizes the Federal reserve bank to make loans where it is considered desirable and prudent; to group the banks on the joint liability, not less than five being considered a group. Second, authorizes the Federal reserve banks to make loans to individual banks on paper that is regarded as satisfactory to Federal Reserve Board but upon security and collateral not eligible for rediscount. Third, authorizes the Federal reserve banks to accept direct Government obligations as a basis for currency in place of eligible paper upon which currency is issued under existing laws. These are, briefly, the provisions of the legislation.

The debate in the House on this bill reflected that the banking and credit machinery of this country had drifted into unhappy days—the big bankers, who claimed a monopoly on wisdom and good morals in banking, have taken the Federal reserve system and perverted and debased it. They turned it from service to legitimate business and commerce into an instrument for use in promotion of speculation and international high finance by men who proved unworthy of the trusts imposed in them and who have been shown to be as ignorant as they were unscrupulous.

They gathered junk from the four corners of the earth and fed it into the banks of this country to the wreck and ruin of thousands of such banks and the innocent depositors.

This bill, designed to make possible expansion, not a wild inflation, for a year under control of the Federal Reserve Board, has my approval.

TAX BILL—BALANCING THE BUDGET

The next legislative bill passing the House was the tax revenue act of 1932. To my way of thinking, the elimination of the sales-tax provision of the bill was a great victory for the common people. I opposed the sales tax because I believed it unsound in principle, and such a tax would be harsh and, indeed, burdensome and unjust in operation upon the great multitude comprising the American general public. It contravenes, in my humble opinion, every accepted theory of taxation. Not even in the greatest crisis of the World War did our Government attempt to consider the adoption of such a sales-tax measure.

After the defeat of the sales tax a substitute tax measure was adopted and while I did not personally vote for all of the substitutes comprising the 1932 revenue act as passed by the House, yet they were adopted by the committee. Higher taxes were levied by the House on large incomes, inheritances, and estates, and we have the word of the leaders of Congress that with the passing of the tax bill and an economical consolidation of activities of the governmental departments the Budget will be balanced. Even though the Budget is not balanced this year, why can it not be balanced over a period of three to five years? Why attempt to make the employees of the Federal service pay such a large amount under the guise of economy?

Before I vote for the lowering of salaries of Federal employees by smoke-screen economy, I would like the economy wave to commence with the executive department, the numerous secretaries, automobiles, expensive cars for Cabinet members, private elevators for departmental heads, expensive office equipment, entertainment funds for Foreign Service men, their allowances, the huge amount appropriated for enforcement of prohibition, which is admittedly ineffective. Instead of Cabinet members protesting curtailment of appropriations in their departments, they should make appropriate economies in their respective departments.

Mr. WELCH of California. Mr. Speaker, our country to-day is faced with a condition unparalleled in the 150 years of its history, one which threatens the breaking down of our present economic system. In this, the wealthiest of all nations, there are more than 8,000,000 capable workers, with millions more of their dependents, who are suffering because of unemployment.

We are in the midst of the most violent and sudden economic changes our country has ever experienced. To adjust ourselves to these changes a new social policy must be adopted. Of all the principal measures advocated for this purpose, those that provide shorter hours of labor and further restriction of immigration from all countries offer the most logical and direct steps without placing an additional burden on the Public Treasury.

Mass production made possible by the progress of mechanical invention and by the application of high-grade efficiency, created a new era and changed this Nation from a static agricultural to a dynamic industrial country. This notable change is reflected in the fact that within the past 10 years not 1 per cent of all foreign immigration into the United States has settled upon the farms. The consequent growth in urban industrial centers has raised up certain unforeseen and difficult problems. We can not stop progress. We must recognize that we are living in the machine age. We must deal with the fact that the economic status of the workingman has been profoundly affected. There is to-day a labor-saving device for every branch of industry. This condition has displaced hundreds of thousands of working men and women and has been one of the primary causes for the serious unemployment condition of this present day.

The workingman is not responsible for these present conditions of unemployment. The dynamics of a mechanical age is the cause. In 1929, the last so-called normal year, the railroads of this country were operated by 250,000 fewer employees than in 1920. Synchronized music has displaced over 9,000 musicians, many of them artists of notable talent.

The number of mechanics employed in the manufacture of automobiles, including bodies and parts, between the years 1925 and 1927, decreased by 56,796, while the number of automobiles increased. In the men's clothing trade a power machine operated by not more than 2 persons displaced 200 skilled clothing cutters. In the iron and steel industry, on an average, 1 man now does the work that 45 men used to do. On a trans-Atlantic liner there used to average 120 stokers; now three men dressed in spotless white do this work by merely turning a valve. The New Edison Co. has installed an automatic mechanism that operates an electric distributing station, which supplies enough power to light 300,000 homes, without one human being in the plant; an operator 3 miles away handles the switch and has perfect control at all times.

Students of agriculture tell us that while it took 3 hours of human labor to produce a bushel of wheat in 1900, in 1932 3 minutes of machine labor will do the same thing. The relation is 60 to 1. Thus, mass production, stimulated by mechanical invention, has taken its toll of man power in every industry. This displacement must be compensated for by a 5-day working week, and if necessary by shortening the working hours to avoid the disaster of widespread unemployment on the one hand and overproduction on the other.

Are we to go on displacing men, taking millions of workers out of the consuming market, constantly increasing our facilities and powers to produce, without developing a market corresponding with our ability to produce? There was not enough of attention paid in the past to the market situation, the adjustments that were necessary to absorb these men who were constantly being displaced. We have absolutely failed to adjust working time corresponding with our increase in the facilities of production. We have gone ahead attempting to work 6 days a week, and 8, 10, and 12 hours per day under the new order, just as we did under the old. We have not enough work to keep men employed 6 days per week, 8 hours per day and 10 hours per day. That is out of the question because of the wonderful mechanical development that has made men more efficient.

There must be an adjustment of the working time in order to take up the slack of unemployment.

Mr. William Green, president of the American Federation of Labor, in testifying before the subcommittee of the Committee on Manufactures, United States Senate, which had under consideration S. 2615, a bill to establish a national economic council, stated:

To eliminate unemployment we have only to cut the work week to 35 hours and put everybody to work; there is work enough for all at five days per week and seven hours per day. Now, would it not be better to distribute the work available so that all would be given five days per week, seven hours per day, than to have a situation existing such as the present, with 8,300,000 unemployed men in this country.

These economic changes and this displacement of man power call for important readjustments.

There are two schools of thought dealing with this problem. First, there are certain groups of industrialists and employers of labor who, for their own selfish interests, are taking advantage of unemployment and the surplus in the labor market to bring down the standards of wages and of living. These misguided men, if permitted to do so, would gladly reduce labor to the condition of serfdom that it was in before organized labor, through the means of collective bargaining, elevated it to its present condition.

In contrast to this selfish school of thought we have the advanced humanitarianism fostered by American working men and women who maintain that one of the primary functions of the Government is to protect life and make it easier and happier for the toiling masses who are so deeply responsible for the production of this Nation's wealth. Fortunately for all of us, the example of this intelligent humanitarianism is felt in many spheres of industry; thank heaven, there are many enlightened employers in this country. They are working with organized labor to stem the tide of reaction.

Congress last session inaugurated the wise policy of putting men to work upon public buildings, and now it would take this employment from them by refusing to appropriate money to carry on work already planned, thereby sending tens of thousands out into the streets to join the army of 8,000,000 unemployed, where they will face privation and starvation.

The people of this Nation can be expected to speak in no uncertain terms on this most important unemployment question, and will decide between a wise economy to eliminate governmental expenditures that in the slightest degree might be considered extravagant, and unwise, unjust, and cruel economy, which will add untold misery and suffering amongst the masses of this country.

When Mr. William Randolph Hearst proposed as a remedial measure a bond issue of \$5,000,000,000 I heartily and promptly indorsed that method of relief, because I recognized a sincere effort to relieve suffering and put men and women back to work.

A solution of our present problems is not to be hoped for as long as there exists a division of responsibility in regard to unemployment between Federal, State, and local governments. What we need is to put an end to dangerous dilatory tactics and bring all parties together in practical organization and unselfish cooperation. Only thus can we remedy the conditions which now imperil our national and domestic happiness.

The United States Steel Corporation reduced wages 15 per cent, which reduced the buying power of their employees \$40,000,000 a year, and as a result they bought \$40,000,000 worth less of goods. It requires the maximum buying power of the people to keep the wheels of industry moving. How is industry to be restored and kept going if the purchasing power of the people is destroyed by wage reductions? With the development of our producing power in America through the introduction of mechanical devices and other scientific methods of making men more efficient, thus increasing their efficiency every year so they produce more and more, and at the same time a reduction in their buying power, how can any economist reckon or figure how they can buy back the goods they produce? If we are going to increase production, we must increase the buying power of the people in a way that will correspond to that increase of productive capacity.

Mr. Speaker, I declare to you that the problems of this country to-day are primarily problems of labor—the stabilization of its employment and the maintenance of its purchasing power unimpaired. These problems must be met and solved by Congress. Never before in our history have there existed conditions which called so loudly for a united legislative action. The misguided industrial leaders who would further oppress labor, if they could, are eager to take advantage of the surplus of man power. They should be defeated by an act of Congress shortening the hours of labor to five days a week and restricting immigration to the least possible minimum.

The thoughtless oppressors of labor should see the handwriting on the wall, for it is written there that if the labor movement in this country under present sane leadership should fail, the inevitable end is communism and the destruction of our present industrial and economic system and those small souls who are wandering in the darkness will be the first to fall victims of their own folly.

Mr. HOLADAY. Mr. Speaker, the growing tendency toward the expansion of governmental activities by the creation of new bureaus and departments, with additional personnel, each encroaching on private business and the resulting increase in the cost of Government, is always noted by the Appropriations Committee of the House, which has the duty of writing the annual appropriation bills.

The members of the Appropriations Committee have generally sought to curb the increase in expenditures, but we have year after year been overruled by the House and have continually witnessed the amounts carried in the various appropriation bills increased by the House and Senate. As

long as business prosperity continued in the Nation, the efforts of the Appropriations Committee against the ever-increasing cost of government was as "a voice crying in the wilderness." Let it be said to the credit of Congress that the demand for appropriations does not originate with Congress but comes from well-organized minority groups that flood the mail of Congressmen and fill the public press with propaganda for the new activities.

On the 19th of February, 1932, I introduced House Joint Resolution No. 302, which conferred upon the President the authority to abolish, combine, and consolidate commissions, boards, departments, bureaus, and divisions of the National Government.

On February 20 the Rules Committee reported House Resolution 151, which was adopted by the House on February 23. Under this resolution a select committee of seven Members of the House of Representatives was appointed by the Speaker of the House of Representatives, and it was the duty of this committee to submit its recommendations with reference to economies to be effected and also its recommendations, on the reorganization of Government bureaus.

On April 25, 1932, the Select Economy Committee reported to the House H. R. 11597, being a bill to effect economies in the National Government. This bill provided:

- Title 1, compensation reduction of Federal employees.
- Title 2, suspension of promotions and filling of vacancies.
- Title 3, miscellaneous provisions.
- Title 4, reorganization of executive departments.
- Title 5, public works administration.
- Title 6, national defense reorganization.
- Title 7, consolidations of Bureaus of Navigation and Steamboat Inspection.
- Title 8, interdepartmental work.
- Title 9, adjustment of veterans' benefits.
- Title 10, special provisions.

The Economy Committee reported that in their judgment the passage of H. R. 11597 would result in a saving of \$210,000,000 in the annual cost of government. On April 27, under a special rule, H. R. 11597 was offered as an amendment to the legislative appropriation bill, which was then under consideration by the House, and the consideration of this bill by the House extended through from Wednesday, April 27, until Wednesday, May 4.

I now propose to briefly report the consideration of H. R. 11597, title by title, the more important amendments offered, and my vote with reference to such amendments.

Title I provided for a reduction of 11 per cent in the salaries of Federal employees, with an exemption of the first \$1,000. A Federal employee drawing an annual salary of \$2,000 would be reduced 11 per cent after allowing a \$1,000 exemption, the total reduction amounting to \$110. Under this plan a Congressman would receive a reduction of \$990 in his salary. The first amendment bearing on salary reduction was offered by Mr. HARDY, of Colorado. In this amendment he sought to increase the reduction in Congressmen's salaries from \$990 to \$1,000. Believing this amendment, if adopted, would create a parliamentary situation unfavorable to real economy legislation, I voted against the Hardy amendment, which was rejected. An amendment was offered by Mr. O'CONNOR, of New York, and as amended increased the salary exemption from \$1,000 to \$2,500. I voted against this amendment, which was adopted.

Mr. McREYNOLDS, of Tennessee, offered an amendment reducing salaries as follows: \$2,500 to \$3,500, reduce 11 per cent; \$3,500 to \$5,000, reduce 15 per cent; \$5,000 to \$7,500, reduce 20 per cent; \$7,500 and over, reduce 25 per cent.

I voted for this amendment, which was rejected.

Mr. CONNERY, of Massachusetts, offered an amendment to strike out Title I, compensation reduction of Federal employees.

I voted against this amendment, which was rejected.

Title IV of the bill carried provisions which were in substance the provisions contained in the resolution which I introduced on the 19th of February. Under the provisions of Title IV, the President was authorized to abolish, coordinate, and consolidate executive and administrative agencies and bureaus of the Government. Sections 406 and 407 of this

title provided that any orders issued by the President to abolish or consolidate agencies or bureaus should not become effective until confirmed by Congress. I offered an amendment to strike out sections 406 and 407, but this amendment was rejected.

Mr. MARTIN of Oregon offered an amendment to strike out Title VI, the national defense reorganization act.

Title VI provided for combining the War Department and the Navy Department into a Department of National Defense. In my opinion this consolidation would strengthen our national defense and materially reduce the cost thereof.

I voted against this amendment, which was adopted.

Mr. BULWINKLE, of North Carolina, offered an amendment to strike out Title IX—adjustment of veterans' benefits.

The special Economy Committee estimated this readjustment would result in a saving of over \$48,000,000.

I voted against this amendment, which was adopted.

The amendments heretofore mentioned were offered in the Committee of the Whole House and the votes were not record votes.

However, the O'Connor, Martin, and Bulwinkle amendments, having been adopted in the Committee of the Whole, were submitted to the House for a record vote.

I again voted against all three of these amendments, but they were all adopted in the House on a record vote.

Mr. McDUFFIE, of Alabama, offered a motion to recommit with an amendment reducing the salary exemption from \$2,500 to \$2,000.

I voted for this motion, but it was rejected.

Mr. RAMSEYER, of Iowa, offered a motion to recommit with an amendment known as the "furlough of Federal employees" plan that would have effected a saving of \$60,000,000.

I voted for this motion, but it was rejected.

The various amendments adopted by the House reduced the estimated savings made possible under the bill from approximately \$210,000,000 down to approximately \$42,000,000. I opposed all of those amendments.

The reductions, amounting to \$42,000,000, are only for one year, and therefore, while helpful, are not very significant when considered in relation to the total expenditures for governmental purposes. There is, however, one provision of this bill which may be productive of great savings. The substantial features of the Holaday resolution included in the bill as passed gives to the President authority to abolish, consolidate, and rearrange the various agencies and bureaus of the Government. Under this provision I believe that it will be possible for the President to effect substantial reductions in the cost of Government by abolishing certain bureaus and activities of doubtful value, and by consolidating other bureaus that now overlap in their activities and with a general rearrangement of various agencies of the Government reductions may be made in personnel with a material decrease in the cost of government. What future savings may be effected under this provision will depend upon the action of the President and also upon the action of Congress in confirming such Executive orders as may be issued.

Mrs. ROGERS. Mr. Speaker, I wish to point out some of the reasons why Title IX of the economy bill should be eliminated. The title was placed in the bill without hearings and without sufficient study. Before radical changes are made in regard to veterans' benefits, a most careful investigation should be carried on by people who have dealt with veterans' matters. I heartily favor the appointment of a committee to make an exhaustive study of veterans' legislation. I believe many economies could be brought about without working a hardship upon the disabled. It would be extremely helpful if a conference could be called by the President which would include the veterans' committees of the House and Senate, members of the Appropriations Committee, the Administrator of Veterans' Affairs, and also representatives of the veterans' organizations. As a result, I believe benefits would accrue to the taxpayers as well as the veterans.

The laws pertaining to veterans' benefits are the outgrowth of years of study and effort on the part of Congress

to meet the vast problems of rehabilitation and care of veterans of wars and their dependents as well as for certain former members of the regular establishment and their dependents. The problem confronting this country at the time the World War was in progress was approached with full knowledge of the tremendous responsibility resting upon the Federal Government which had called over 4,000,000 men to arms against the enemy. It has been difficult to secure satisfactory legislation to meet the most urgent demands upon us. It has been the paramount purpose to extend reasonable relief to these veterans in so far as the country could meet the demands justly placed upon it.

H. R. 11597, Title IX, contains nine sections designed to destroy, without due deliberation on the part of Congress, a system of relief developed over the years, and which would suddenly place the veterans and their dependents in a state of need, producing in many instances misery and untold suffering for those who served their country in time of need and for their dependents.

Section 901 of this bill would deny disability allowance, compensation, emergency officers' retired pay, pension, hospitalization or domiciliary care to any person receiving a net income of \$1,500 or over, if single, and \$3,500 or over, if married, for the year preceding the enactment of the proposed act or the filing of application of benefits, whichever is the later.

Although certain exceptions are made from the provisions of this section, the saving claimed by the committee of \$13,315,000 would be effected by denying benefits to 28,300 persons, representing groups for whom the Federal Government has provided relief after thorough study of needs and legislative precedents. I doubt very much if 50 per cent of that saving would be effected. Income-tax tables used by the Economy Committee to arrive at these figures are misleading. Certainly the proportion of disabled veterans within these income-tax brackets would run far below the average—probably 50 per cent less. The 7.8 figure would be nearer 3.9 therefore in applying income-tax figures to veterans, cutting down the estimated savings by 50 per cent. Only a small preferred group of those men in the actual combat zone would be exempt from the reductions proposed, and those experienced in the rehabilitation of the disabled know how unfair that is. The disabled man finds it just as hard to find employment and thus rehabilitate himself whether his disability was received in the very front line or in the rear or in camp in this country. He went where he was sent, as any good soldier does.

Even emergency hospital treatment would be denied to veterans whose income was greater than the sum fixed by the bill. There would be thrust upon the States a sudden burden which could not be carried. I have stated in a previous speech how overcrowded the civil neuropsychiatric hospitals are all over the United States, and there is nearly as bad a situation in regard to the civil tuberculosis hospitals. The carefully developed plan of hospitalization designed to reestablish the disabled would fail, with a loss to the Government. The existing laws should serve as a sufficient safeguard to give preference in hospitalization to those unable to pay for it.

The arbitrary line of applying income-tax-exemption amounts to hospitalization is indefensible. That may be an applicable basis to use in regard to compensation or other cash allowances, but to deny hospitalization, for which \$50 a week might easily be charged to a man earning \$30 a week, is an entirely different thing. If there is to be an arbitrary amount fixed as the dividing line between free hospitalization and no hospitalization, it should be far higher than the income-tax basis.

Section 902: That part of section 902 (7) of the present law which relates to reduction of pay of veterans while maintained by the Government in an institution relates only to insane persons without dependents. Its original purpose was to protect the estates of such veterans against unnecessary charges for fees of guardians and to avoid unnecessary expenditure by the Government.

The present law also provides that if such person shall recover his reason and shall be discharged from the institution as competent, such sum shall be paid to him as will equal the difference between the amount that has been paid in compensation and the amount that was otherwise due. This seems only just, as the man who has been insane will need that money. When he leaves the hospital, he must adjust himself slowly to the outside world, and no one will want to employ him, so he will be under great hardship.

This bill would authorize the reduction of compensation, pension, allowance, or emergency officers' retired pay to an amount not in excess of \$20 per month in the case of any person, sane or insane, maintained in a soldier's home, hospital, or institution for a period of 30 days or more. Provision is made that if such person has a wife, child or children, or dependent parent or parents, the difference between the \$20 and the amount to which the veteran would otherwise be entitled may be paid to such dependents. No provision is made that in the case of competent veterans any amount withheld under this section shall later be paid.

The benefits paid to veterans as a result of disabilities incurred in service are extended upon the theory that the amounts paid compensate the veteran for the disability resulting from such service. It is clear that the Government, with all its bounty, can not fully compensate these men for the losses, diseases, and injuries suffered while serving in defense of the Nation. In cases in which benefits have been or are now being paid, at various rates, some in excess of \$200 per month, the veterans have adjusted their lives to the amounts received and have incurred obligations in their efforts to adjust themselves to civilian life. A reduction of these benefits without warning, and solely because they accept treatment designed to assist in their reestablishment, is contrary to the theory of veterans' relief and would result in undue suffering and injustice.

Section 903: A bill to authorize retirement of disabled emergency officers was first reported favorably to the House of Representatives on February 2, 1921 (H. Rept. 1284, 66th Cong.). This report stated that it was the intent of Congress, at the time of the passage of the selective service act, that the men in the Regular Army and those in the temporary army should have the same status and be on the same footing in so far as pay, pensions, hospitalization, and treatment are concerned. The present law was enacted May 24, 1928.

Thousands of able men were called from their places in civilian life to serve as emergency officers as leaders of the armed forces during the World War. Many were seriously disabled and rendered incapable of returning to their civilian pursuits. The amount of retired pay now given falls in thousands of cases to equal the monetary loss sustained by these men. The opponents of the law have been prompted to advocate its limitation or repeal because there have been cited instances in which it appears that men may receive benefits to which they do not seem entitled. Human ingenuity has failed to place on statute books laws that will dispense equal justice in all cases. Modification of the law applicable to the many for the purpose of depriving a few of its benefits would impose penalties upon many men who were so disabled by their war service as to be permanently and totally disabled. Even though some modification were deemed necessary, it should be thoroughly studied in order that no profound injustice will result. For instance, in the mental cases, those men are in no condition to secure the evidence necessary. It was for this very reason that the presumptive clause was put in the bill.

Section 904: The bill would amend section 203 of the World War veterans' act by repealing the language which provides for a per diem allowance of \$2.65 per day for the period of travel and observation in connection with examinations for service-connected cases. This provision was placed in the law so that veterans would be saved from undue monetary loss in complying with Government requests to report for physical examinations incident to disease or injury incurred in service. Many men receive small amounts of compensation, some as little as \$8 per month.

Many men would be unable to comply with the request to report for examination unless the Government had included in the present law that provision which authorizes a per diem allowance of \$2.65 per day, which is designed to compensate him for loss of wages or loss of income while away from business. The result would be to impose an injustice upon every veteran affected by the amendment, and to result in undue hardship upon those who are less able to stand the denial of the benefit so long extended. Many veterans sorely in need of treatment and entitled to the benefits of hospitalization would be denied such benefits for the reason they could not afford to leave their employment without the reimbursement of \$2.65 per diem.

Section 905: This section of the bill would amend section 205 of the World War veterans' act, to place further restriction upon payment of compensation and pension for retroactive periods. This section was preceded by section 305 of the war risk insurance act, as amended, which permitted review of compensation awards with authority to reduce, diminish, or increase such awards in proportion to the degree of disability as of the date disability began, but not earlier than the date of discharge. On June 7, 1924, this section was changed to section 205, World War veterans' act, and amended to recognize the restriction in section 210, World War veterans' act, formerly section 310, war risk insurance act. Retroactive reductions in compensation are forbidden except in case of fraud, and it is provided that reduction or discontinuance of compensation is to become effective the first day of the second calendar month after the reduction or discontinuance is determined.

The bill would revise section 205 to provide that no allowance, compensation, or pension shall be awarded as a result of a review of a claim by the Veterans' Administration or review upon application by the veteran if the time limit for appeal has expired for any period more than six months prior to date of administrative determination. Many times a veteran may file a claim without knowledge of the evidence that may be required by the Government before the claim may be allowed. If the Government requests affidavits of comrades, it frequently takes many months or years before comrades in arms during a prior war may be located. The reason for the delay may not be shown by the Government record, but by the terms of the bill the veteran would be unable to receive the benefit to which he was otherwise entitled for any period more than six months prior to final decision on the claim. This is an entirely new departure in veterans' legislation, as it has always been recognized that the veteran should not be denied retroactive benefits where, through no fault of his own or due to circumstances beyond his control, his claim has been filed but not completed in a minimum length of time.

Section 906: Section 300 of the war risk insurance act, as amended, permitted the payment of compensation to men who entered the service prior to February 9, 1922, "if disability was incurred or aggravated in line of duty," or to those injured in an enlistment entered into before April 6, 1917, but where service continued on or after April 6, 1917. That section was repealed and reenacted June 7, 1924, by the World War veterans' act, as amended, as section 200, which omitted the "line of duty" requirement, but restricted the payment of compensation (except in cases in which accrued rights were saved) to those persons disabled in the military or naval service between April 6, 1917, and July 2, 1921.

Section 906 of the bill would deny the payment of compensation to persons who entered service after November 11, 1918. Although actual hostilities ceased at the time of the armistice on November 11, 1918, there was then no assurance that hostilities would not be resumed. Many young men theretofore unable to join the armed forces because of their youth later came into the service at a time when there was a probability that hostilities would be resumed. The laws then in force offered to these men compensation for disabilities incurred in line of duty. To many of them and to dependents, on account of their death from service-connected cause, compensation has been awarded and paid until the present time.

It would be ungrateful and unfair on the part of the Government to take from them at the present time of economic need the right given to them for service in a period when the country faced the distress of war. The effect of this section would be to establish a new World War period which would be more restrictive without considering the justifiable basis upon which the period, April 6, 1917, to July 2, 1921, was adopted at the time of enactment of the World War veterans' act, 1924, and the prior legislation, the war risk insurance act.

Section 907: This section was originally section 405 of the war risk insurance act of October 6, 1917, later amended and changed to section 19. It has at all times given a claimant a right to file suit on an insurance contract after disagreement as to a claim filed with the Bureau of War Risk Insurance, the United States Veterans' Bureau or the Veterans' Administration.

This bill would amend section 19 of the act to provide that a court may consider only the testimony of a person whose statement has been submitted to the Veterans' Bureau or the Veterans' Administration prior to denial of the claim sued upon. If the testimony of any other person is offered, the court would be required to stay the proceedings until the statement of such person is submitted to the Administrator of Veterans' Affairs. This provision of the bill would seek to apply not only to suits filed in the future but also to suits pending on the date of the enactment of the proposed amendment.

This would result in encouraging dilatory tactics that would indefinitely defer the justice in the case that might be secured only after final determination by the court and would deny to the veteran his right to speedy justice. The Government would be given the knowledge of all evidence to be filed by the claimant in the court, while a corresponding right would not be extended to the claimant. The courts having jurisdiction of the subject matter in toto should not be hampered in any way but should have all testimony available.

Section 908: This section of the bill would repeal sections 305 and 309 of the World War veterans' act, which were evolved from section 408 of the war risk insurance act of August 9, 1921, which provided that if a veteran was entitled to compensation at the time the insurance lapsed, such insurance would not be considered as lapsed if the compensation was of a sum equal to or in excess of premiums due. This was liberalized by later amendment, and section 309 was added to the law to permit revival of insurance by use of the uncollected \$60 bonus.

The bill proposes the repeal of sections 305 and 309 of the World War veterans' act, as amended. It seems only fair that these sections be continued in the law so that a disabled veteran and his dependents may not be denied the right to insurance, a benefit that would otherwise be denied, because of the delay of the Government in adjudicating his claim. Considering the length of time this statute has been in effect, the real relief it has afforded, and the fact that the few belated adjudications thereunder now being made are meritorious, it is not understood why the change is proposed.

The following is an index to changes in Title IX of H. R. 11597:

INDEX TO CHANGES IN TITLE IX OF H. R. 11597

Section 901: New legislation.

Section 902: Amends the first two paragraphs of subdivision (7) of section 202, World War veterans' act, 1924, as amended.

Section 23, W. R. I. A.: This provision was first placed in section 23 of the war risk insurance act, as amended, December 24, 1919.

House Report 266 and Senate Report 339, Sixty-sixth Congress, reads as follows:

"Section 5 relates to persons who may be confined in an asylum or hospital for the insane maintained by the United States, where no guardian or curator of their property has been duly appointed. The director, after due investigation, may order all moneys payable to him to be held in the Treasury of the United States to the credit of such person. It also provides that funds so held may be disbursed by the director at his discretion to the chief executive officer of the asylum or hospital in which such person is an inmate, to be used by such officer for the maintenance and comfort of such inmate and account to the Bureau of War Risk Insurance."

Amended on March 2, 1923, House Report 663 and Senate Report 1067, Sixty-seventh Congress.

Section 202 (7) W. W. V. A.: Superseded by section 202 (7) of the World War veterans' act; June 7, 1924, Senate Report 397, page 4, Sixty-eighth Congress; amended March 4, 1925, House Report 1518, page 6, Sixty-eighth Congress; amended July 2, 1926, House Report 1217, page 4, Sixty-ninth Congress; Senate Report 1105, page 4, Sixty-ninth Congress; amended March 3, 1927, House Report 2288, page 2, Sixty-ninth Congress; amended July 3, 1930, Senate Report 1128, page 7, Seventy-first Congress.

Section 903: Amends the emergency officers' retirement act of May 24, 1928; House Report 1062, Seventieth Congress, and Senate Report 115, Seventieth Congress.

Section 904: Amends section 203 of the World War veterans' act, 1924, as amended.

Section 303, W. R. I. A.: This provision was first placed in first paragraph of section 303 of the war risk insurance act of October 6, 1917.

House Report 130, part 3, page 11, Sixty-fifth Congress, reads as follows:

"Sec. 303. Required to submit to examinations. May have own physician present. Payment of reasonable traveling and other expenses and loss of wages incurred for examination. Suspension of compensation during refusal to submit. Consequences of unreasonable refusal to submit to treatment not deemed to result from the injury."

Section 203, W. W. V. A.: Amended and superseded by section 203 of World War veterans' act, June 7, 1924. No reference in report. Amended July 2, 1926.

House Report 1217, page 9, and Senate Report 1105, page 5, Sixty-ninth Congress, read as follows:

"20. Section 9 of the bill amends section 203 by providing an allowance of \$2.65 per day to men undergoing observation or examination by the bureau. This allowance is to be in lieu of reimbursement for loss of wages now authorized by law. In many instances it has been found that farmers, commission merchants, etc., have been unable to secure reimbursement because no actual loss of wages can be shown. The committee felt that all men should be placed on the same footing. Consequently this amendment is recommended."

Section 905: Amends section 205 of the World War veterans' act, 1924, as amended.

Section 305, W. R. I. A.: This provision was first placed in the act of October 6, 1917, and known as section 305 (H. Rept. 130, pt. 3, p. 10, 65th Cong.); amended August 9, 1921 (H. Rept. 104, p. 8, and S. Rept. 231, p. 11, 66th Cong.).

Section 205, W. W. V. A.: Amended and superseded by section 205, World War veterans' act, June 7, 1924.

Senate Report 397, page 4, Sixty-eighth Congress, reads as follows:

"33. Retroactive reductions in compensation are forbidden except in case of fraud, and it is provided that reduction or discontinuance of compensation is to become effective the first day of the second calendar month after the reduction or discontinuance is determined."

Section 206: Amends section 200 of the World War veterans' act, 1924, as amended.

Section 300, W. R. I. A.: This provision was first placed in the war risk insurance act of October 6, 1917.

House Report 130, part 3, page 2, Sixty-fifth Congress, reads as follows:

"The second risk indemnified against is that of loss of life or limb. This forms the subject matter of the present pension legislation and legislation giving gratuities of a half year's or a year's pay in case of death in the service."

"The bill proceeds upon a new basis. It follows the analogy of the workmen's compensation acts. It deals with the soldier and the sailor as a military employee of the Government. It offers not a gratuity in the shape of a pension, but a compensation if in the course of the service he suffer injury or contract disease."

"Pensions, especially since the day of service-pension legislation, have come to be looked upon as Government charity, and the present pension legislation is both inadequate and unjust. It is of the utmost importance, both for the practical results and for the psychological effect upon the men, their families, and the people of the country that a new point of view be established. This is accomplished by following the analogy of the workmen's compensation acts by designating the payments to them as compensation and not as pensions and by separating the administration of this law absolutely and completely from the administration of the pension laws. The pension legislation is not repealed; the old soldiers and their families are not affected by the bill; it applies only to those now in or hereafter entering the service. For them this bill is a substitute for the pensions and gratuities."

Amended June 25, 1918, House Report 576, pages 11-12, Sixty-fifth Congress.

Amended December 24, 1919, Senate Report 339, page 2, Sixty-sixth Congress.

Amended August 9, 1921, House Report 104, pages 7-8, and Senate Report 231, pages 9-10, Sixty-seventh Congress.

Amended March 4, 1923, House Report 1704, page 1, Sixty-seventh Congress.

Section 200, W. W. V. A.: Amended and superseded by section 200 on June 7, 1924, enlistment on or after April 6, 1917, and before July 2, 1921; Senate Report 397, page 3, and House Report 763, pages 5-6, Sixty-eighth Congress; amended March 4, 1925,

House Report 1518, pages 3-4, Sixty-eighth Congress; amended July 2, 1926, House Report 1217, pages 3-4, and Senate Report 1105, pages 3-4, Sixty-ninth Congress; amended July 3, 1930, Senate Report 1128, pages 5-6, Seventy-first Congress.

Section 907: Amends section 19 of the World War veterans' act, 1924, as amended.

Section 405, W. R. I. A.: This provision was first placed in the second proviso of section 405 of war risk insurance act of October 6, 1917, House Report 130, part 3, Sixty-fifth Congress, amended by section 13 of act of May 20, 1918, House Report 471 and Senate Report 429, Sixty-fifth Congress.

Section 19, W. W. V. A.: Amended and superseded by section 19 of the World War veterans' act, June 7, 1924, House Report 763, page 4, and Senate Report 397, page 2, Sixty-eighth Congress; amended March 4, 1925, House Report 1518, page 2, Sixty-eighth Congress; amended May 29, 1928, House Report 1274, page 1, and Senate Report 1297, page 1, Seventieth Congress; amended July 3, 1930, Senate Report 1128, pages 1-3, Seventy-first Congress.

Section 908: Repeals sections 305 and 309 of the World War veterans' act, 1924, as amended.

Section 408, W. R. I. A.: This provision was first placed in the third proviso of section 408 of the war risk insurance act, as amended, August 9, 1921, Senate Report 231, page 12, Sixty-seventh Congress, and March 4, 1923, House Report 1704, pages 2-3, Sixty-seventh Congress.

Section 305 W. W. V. A.: Amended and superseded by section 305 of the World War veterans' act, June 7, 1924 (S. Rept. 397, p. 5, 68th Cong.); amended July 2, 1926 (H. Rept. 1217, pp. 7-8, and S. Rept. 1105, p. 7, 69th Cong.); amended May 29, 1928 (S. Rept. 1297, p. 7, 70th Cong.).

Section 309 W. W. V. A.: This provision was first placed in the act of July 2, 1926, World War veterans' act, 1924, as amended (S. Rept. 1105, pp. 7-8, 69th Cong.).

House Report 1217, page 8, Sixty-ninth Congress, reads as follows:

"36. Section 20 of the bill adds a new section to the law to be known as section 309. This section permits revival of insurance in cases where the \$60 bonus provided by the act of February 24, 1919, was not paid, and which, if applied to the payment of premiums when due, would have equaled or exceeded the same. In view of the fact that this \$60 bonus was not paid to the estate of the individuals who died, or to their heirs, it was felt that it should be allowed to apply to payment of insurance premiums if it was sufficient to cover those due at the time of lapse."

Section 909: Amends section 500 of the World War veterans' act, 1924, as amended.

Section 13 W. R. I. A.: This provision was first placed in section 13 of the war risk insurance act as amended May 20, 1918. (H. Rept. 471, 65th Cong., and S. Rept. 429, 65th Cong.)

Section 500 W. W. V. A.: Amended and superseded by section 500 of the World War veterans' act, June 7, 1924. No reference in report. Amended March 4, 1925. (H. Rept. 1518, p. 10, 68th Cong.)

Mr. GUYER. Mr. Speaker, the House of Representatives is on trial at the bar of public opinion, and upon the action of the majority of its membership depends whether it shall merit the anathemas of a patient and long-suffering people or settle down to sane and speedy action to balance the Budget and reduce governmental expenses. Public sentiment is aroused by the desperate plight of our country, and it is no time to split hairs about whose salary is to be cut or whose pet project is to be curtailed. What the country needs and what it demands is prompt and decisive action which will restore confidence and certainty as to the immediate future.

The people know that we possess no magic wand to produce prosperity by any miracle, but there are certain undebatable and indisputable facts patent to all upon which Congress must act or be condemned. Not to act upon these vital matters will bring deserved censure.

One of these obvious facts is a colossal deficit. There can be no return to prosperity with the Government running into the red almost \$6,000,000 every day. What have we done about it? An economy bill was brought before this House in good faith by our leaders on both sides of the aisle and it was cut to ribbons by the votes of those who paid no attention to their leadership, but in evident defiance of public opinion and the pleas of responsible and patriotic party leaders led by the President of the United States, emasculated that measure to such a degree that it should merit the contempt of every self-respecting Member of this House. It was a pitiful legislative abortion. Planned to economize and reduce, it did neither to any degree worthy of the name. Both of these ends can be attained without seriously crippling any department or necessary bureau, and it is the imperative duty of this House to move swiftly to that end regardless of the inevitable protests of those whose

selfish personal ends are always opposed to economy if it happens to interfere with their particular interest.

When the House had before it a tax bill which was equitable and so written that it would not have been a hardship on any one and would have raised the revenue necessary, with a corresponding economy measure, to balance the Budget, the House in a wild and irresponsible fit of obsequious devotion to what was termed the interest of the "common people," scuttled it with an uproarious outburst of applause. Yet we hear members complain about the denunciation by the press of both parties of the dereliction of Congress which it avers has deserted the country in its hour of need and heeded the seductive voice of interested lobbies. Do we not deserve it?

What is the remedy? First, pass a tax bill to raise more revenue and, second, reduce expenses so that the combined legislation will balance the Budget. This the House has miserably failed to do, and then winces when reminded of it by the President. In the early weeks of this session the House rose nobly to the occasion and passed the Reconstruction Finance act and other remedial legislation with a fine disregard of political lines, and the country was reassured and responded favorably to these temporary measures patiently waiting for the promised tax measure and the trimming of expenses to balance the National Budget.

Our legislation in the early weeks of this session, which reassured the public and had a most wholesome effect upon the morale of the people, the stability of our banks, and the solvency of our other financial and industrial institutions, has been eclipsed and nullified by the failure of Congress bravely and firmly to set to work, and at the risk of the political life of its Members, if need be, to pass an adequate tax bill and to reduce salaries and appropriations, thus balancing the Budget, and then adjourn and go home and explain to the dear people why it did not do so sooner.

In February, 1925, in a speech in opposition to the increase of salaries for Members of Congress, I said:

The increase in cost of government, Federal, State, and municipal, has shamed the prophecy of the pessimist. At the present time the cost of our Federal Government for one year exceeds the entire cost of government from 1790 to 1861. The increases in the cost of State and municipal governments have been likewise prodigious.

Since that time the cost of government has increased more than a billion dollars. Is it not time that Congress get down to "brass tacks" and correct these extravagances? The income of the farmer has all but disappeared and the wages of employees in every line of industry have been reduced. Why should we hesitate to reduce the salaries of those who work for the Government? They should thank God they have a job and sacrifice with the rest of the people until our country enjoys a better day. It will not be unjust to them when we are sailing fairer seas.

Mr. SPARKS. Mr. Speaker, the large deficit in our National Treasury has not only necessitated the provision of means by which additional taxes may be raised but it has also necessitated the drastic reductions in governmental expenditures. A special Economy Committee, appointed by the Speaker of the House, was authorized to make an investigation as to the manner in which national expenditures may be reduced and to report an economy bill to the House. This investigation was made and the bill was reported.

The substance of the bill was to cut the salaries of Federal employees over and above the sum of \$1,000, 11 per cent, which would also include the same reduction in the salaries of Senators and Congressmen. Additional provisions of this bill are as follows:

Suspension of Saturday half holidays for Government employees; estimated saving of \$9,000,000.

Reduction of salaries of Federal employees; estimated saving of \$67,300,000.

Suspension of the provision of law permitting compensation for overtime and night work and work on Sundays and holidays; estimated saving of \$5,600,000.

Reductions in printing and binding of paper and stationery; estimated saving of \$5,000,000.

Provision for the consolidation of the Army and Navy Departments into one department, to be known as the department of national defense; estimated savings undetermined, but very substantial amount.

The estimated saving through the provisions of the economy bill as a whole is approximately \$200,000,000.

When the bill came before the House for consideration, the galleries were filled with Government employees, who were vigorously protesting against the reduction of their salaries. A situation was then presented as to whether or not the Congressmen would yield to the insistent demands of the employees or to the demands of thousands of citizens of their home districts who were not able to be present and speak in their own behalf.

The Congressmen from the large cities, who have many Federal employees therein, were vigorously opposing salary reductions, yet offering no substantial substitute for the raising of money to take the place of the savings that might be made in salary reductions.

All Federal employees receiving a salary not exceeding \$1,000 were not subject to the 11 per cent reduction under the bill. Early in the consideration of the bill an amendment was proposed to increase the exemption to \$2,500. I voted against this amendment, for I believed it unfair to the people of Kansas who have not been privileged to receive \$2,500 per year, but who must respond liberally in taxes for the support of the Federal Government and the various subdivisions thereof. I did not believe such an exemption would be fair, in view of the fact that a substantial portion of the money to pay such salaries would have to be derived through the new revenue act, which imposes direct taxes upon the people of this country, thereby increasing the burdens on an already overtaxed people.

The rights of the great masses of the people were disregarded in the action taken upon this amendment by its adoption, thus increasing the exemption.

In the face of such increased exemption, the House then proceeded by its vote to continue the Saturday half-holiday provision of the law, thus permitting Federal employees to have a half day off on Saturdays with full pay even though the exemption of \$2,500 was allowed. I voted not to allow the Saturday half holidays. Farmers throughout the sixth district of Kansas have worked from 12 to 16 hours per day and received practically nothing for their labor and long hours, yet they would be compelled to make a contribution to aid the Government employees to have a Saturday half holiday with full pay.

Many of the Congressmen believed that it would be fair and just that the salaries of the Senators and Congressmen should first be reduced, thereby setting an example to the employees that Congress was willing that each Member might be personally affected before extending reductions to the employees of the Government. I voted to reduce my own salary 20 per cent, but this amendment also was disallowed. In the bill, as finally passed by the House, the salaries of all Government employees, including the salaries of Senators and Congressmen, over \$2,500, will be reduced 11 per cent. In the adoption of the exemption from \$1,000 to \$2,500, the estimated saving in this portion of the bill was reduced from sixty-seven million to approximately twelve million.

I have voted during this session for many millions of dollars' reductions in Federal appropriations, but it seems that the combinations of various interests militate against such reductions, and while appropriations have been very drastically reduced during this session, yet there are many instances where still greater reductions could have been made without detrimentally affecting the proper functioning of the Government.

Congress has not yet responded as generously for farm relief as is needed to place that business on a parity with industry. There can be no permanent economic recovery until the farmer enjoys reasonable returns for his industry and toil. Give him this opportunity and the wheels of progress will again revolve and the sunlight of prosperity

will shed its light of happiness and contentment throughout our land.

ADJOURNMENT

Mr. RAINEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 26 minutes p. m.) the House adjourned until to-morrow, Wednesday, May 4, 1932, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Wednesday, May 4, 1932, as reported to the floor leader by clerks of the several committees:

JUDICIARY

(10 a. m.)

To limit the jurisdiction of the Federal courts (H. R. 10594, H. R. 11508).

FLOOD CONTROL

(10.30 a. m.)

Hearings on Missouri project.

AGRICULTURE

(10 a. m.)

Hearings on Farm Bureau bills.

RULES

(10.30 a. m.)

Hearings, immigration bills.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

549. A letter from the Secretary of the Treasury, transmitting the fifteenth annual report of the Federal Farm Loan Board, covering operations during the calendar year 1931 (H. Doc. No. 36); to the Committee on Banking and Currency and ordered to be printed, with illustrations.

550. A letter from the Secretary of War, transmitting a report dated April 30, 1932, from the Chief of Engineers, United States Army, on Poplar and Temperance Rivers, Minn.; to the Committee on Rivers and Harbors.

551. A letter from the acting chairman of the United States Tariff Commission, transmitting certain preliminary data prepared for the immediate use of the Senate in partial response to the requirements of Senate Resolution No. 156, for information on depreciated currencies and international trade thereunder; to the Committee on Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. DICKSTEIN: Committee on Immigration and Naturalization. H. R. 11552. A bill to provide for review of the action of consular officers in refusing immigration visas; without amendment (Rept. No. 1193). Referred to the House Calendar.

Mr. RAMSPECK: Committee on Claims. H. R. 7232. A bill providing for settlement of claims of officers and enlisted men for extra pay provided by act of January 12, 1899; with amendment (Rept. No. 1194). Referred to the Committee of the Whole House on the state of the Union.

Mr. O'CONNOR: Committee on Rules. House Resolution 211. A resolution for the consideration of H. R. 8174, "A bill to exempt from the quota fathers and mothers over 60 years of age of United States citizens"; without amendment (Rept. No. 1195). Referred to the House Calendar.

Mr. SWANK: Committee on Patents. H. R. 11010. A bill to amend the statute relating to patent disclaimers; without amendment (Rept. No. 1196). Referred to the House Calendar.

Mr. KELLY of Illinois: Committee on Patents. H. R. 11019. A bill to limit inventors to priority of two years before filing applications for patent; without amendment (Rept. No. 1197). Referred to the House Calendar.

Mr. PATTERSON: Committee on Patents. H. R. 11087. A bill to abolish the statute permitting renewal of patent applications; without amendment (Rept. No. 1198). Referred to the Committee of the Whole House on the state of the Union.

Mr. DIES: Committee on Patents. H. R. 10157. A bill to expedite prosecution of patent applications pending more than three years; without amendment (Rept. No. 1199). Referred to the House Calendar.

Mr. SIROVICH: Committee on Patents. H. R. 11016. A bill to limit the life of a patent to a term commencing with the date of the application; without amendment (Rept. No. 1200). Referred to the House Calendar.

Mr. RICH: Committee on Patents. H. R. 11017. A bill permitting single signature in patent applications and validating joint patent for sole invention; without amendment (Rept. No. 1201). Referred to the House Calendar.

Mr. UNDERWOOD: Committee on Patents. H. R. 11018. A bill to empower assignee of inventor to file divisional, continuation, renewal, or reissue application; without amendment (Rept. No. 1202). Referred to the House Calendar.

Mr. MOBLEY: Committee on Patents. H. R. 11054. A bill to prevent fraud, deception, or improper practice in connection with business before the United States Patent Office, and for other purposes; without amendment (Rept. No. 1203). Referred to the House Calendar.

Mr. JONES: Committee on Agriculture. S. 263. An act to promote the conservation of wild life, fish, and game, and for other purposes; without amendment (Rept. No. 1204). Referred to the House Calendar.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, the Committee on Claims was discharged from the consideration of the bill (H. R. 5417) for the relief of Lieut. Francis H. A. McKeon, and the same was referred to the Committee on War Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. TIERNEY: A bill (H. R. 11809) to amend section 5219 of the Revised Statutes, as amended; to the Committee on Banking and Currency.

By Mr. SELVIG: A bill (H. R. 11810) providing for payment of \$25 to each enrolled Chippewa Indian of Minnesota from the funds standing to their credit in the Treasury of the United States; to the Committee on Indian Affairs.

By Mr. BLACK: A bill (H. R. 11811) to provide for emergency construction of highways and other authorized public works to aid in increasing employment, and for other purposes; to the Committee on Ways and Means.

By Mr. YON: A bill (H. R. 11812) to establish markets in the large cities of the United States, and for other purposes; to the Committee on Agriculture.

By Mr. MITCHELL: A bill (H. R. 11813) restricting the appointment of employees by Members of Congress of the United States in certain cases; to the Committee on Accounts.

By Mr. LEAVITT: A bill (H. R. 11814) to amend section 19 of the World War veterans' act of 1924, as amended; to the Committee on World War Veterans' Legislation.

By Mr. COLLINS: A bill (H. R. 11815) to provide that transferors for collection of negotiable instruments shall be preferred creditors of national banks in certain cases; to the Committee on Banking and Currency.

By Mr. COLTON: A bill (H. R. 11816) to stop injury to the public grazing lands by preventing overgrazing and soil deterioration; to provide for their orderly use, improvement, and development; to stabilize the livestock industry dependent upon public range, and for other purposes; to the Committee on the Public Lands.

By Mr. O'CONNOR: Resolution (H. Res. 211) for the consideration of H. R. 8174, "A bill to exempt from the quota fathers and mothers over 60 years of age of United States citizens"; to the Committee on Rules.

By Mr. SOMERS of New York: Joint resolution (H. J. Res. 379) to authorize payment of foreign debts in silver under certain limitations; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLACK: A bill (H. R. 11817) to extend the benefits of the employees' compensation act of September 7, 1916, to Lawrence F. Judge; to the Committee on Claims.

By Mr. BURCH: A bill (H. R. 11818) granting a pension to Luther C. Thomas; to the Committee on Pensions.

By Mr. CARDEN: A bill (H. R. 11819) for the relief of T. J. Morrison; to the Committee on Claims.

By Mr. COLLINS: A bill (H. R. 11820) for the relief of Charles B. Cameron, Frank K. Ethridge, and Hardy R. Stone; to the Committee on Claims.

By Mr. CRAIL: A bill (H. R. 11821) granting a pension to C. C. Campbell; to the Committee on Pensions.

By Mr. DISNEY: A bill (H. R. 11822) granting an increase of pension to Lucinda J. Harp; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11823) granting an increase of pension to Tabitha C. Steward; to the Committee on Invalid Pensions.

By Mr. DRANE: A bill (H. R. 11824) for the relief of the Tampa Marine Co., a corporation, of Tampa, Fla.; to the Committee on Claims.

By Mr. ELLZEY: A bill (H. R. 11825) for the relief of Anthony Wenzel Kaukusch; to the Committee on Naval Affairs.

By Mr. FINLEY: A bill (H. R. 11826) granting a pension to Sarah J. Marcum; to the Committee on Pensions.

By Mr. FISH: A bill (H. R. 11827) granting an increase of pension to Minerva C. Bedford; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11828) granting an increase of pension to Agnes E. Silvernail; to the Committee on Invalid Pensions.

By Mr. FRENCH: A bill (H. R. 11829) granting a pension to J. N. Davis; to the Committee on Pensions.

Also, a bill (H. R. 11830) for the relief of Lillie R. Culbertson; to the Committee on Claims.

By Mr. HAINES: A bill (H. R. 11831) granting an increase of pension to Mary J. King; to the Committee on Invalid Pensions.

By Mr. HARLAN: A bill (H. R. 11832) granting an increase of pension to Martha E. Emrick; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11833) granting a pension to Frank J. Perin; to the Committee on Pensions.

By Mr. HUDDLESTON: A bill (H. R. 11834) granting a pension to Frances E. Baldwin; to the Committee on Invalid Pensions.

By Mr. KVALE: A bill (H. R. 11835) granting an increase of pension to Nora Mitchell; to the Committee on Invalid Pensions.

By Mr. LOVETTE: A bill (H. R. 11836) for the relief of Julia Wardrep; to the Committee on Claims.

Also, a bill (H. R. 11837) granting a pension to Aaron J. Blevins; to the Committee on Pensions.

Also, a bill (H. R. 11838) for the relief of Benjamin H. Pope; to the Committee on Naval Affairs.

Also, a bill (H. R. 11839) for the relief of Cecil E. Phipps; to the Committee on Claims.

Also, a bill (H. R. 11840) for the relief of Isaac M. Donnelly; to the Committee on Claims.

Also, a bill (H. R. 11841) granting a pension to Dora M. May; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11842) granting a pension to Paul Holcomb; to the Committee on Pensions.

Also, a bill (H. R. 11843) for the relief of Kate Jennings; to the Committee on Claims.

Also, a bill (H. R. 11844) for the relief of the State of Tennessee; to the Committee on Claims.

By Mr. McCORMACK: A bill (H. R. 11845) for the relief of Edward F. Shea; to the Committee on Naval Affairs.

Also, a bill (H. R. 11846) granting a pension to Delia Conley; to the Committee on Pensions.

Also, a bill (H. R. 11847) for the relief of Joseph Peter Joyce; to the Committee on Naval Affairs.

Also, a bill (H. R. 11848) for the relief of William Walter Shyne; to the Committee on Naval Affairs.

By Mr. MOREHEAD: A bill (H. R. 11849) granting an increase of pension to Emily F. Dougall; to the Committee on Invalid Pensions.

By Mr. PARKER of New York: A bill (H. R. 11850) granting an increase of pension to Sarah Simpson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11851) granting an increase of pension to Agnes E. Coons; to the Committee on Invalid Pensions.

By Mr. RAYBURN: A bill (H. R. 11852) granting a pension to Bertha Hiller; to the Committee on Pensions.

By Mr. SMITH of Virginia: A bill (H. R. 11853) for the relief of William Randolph Grimes; to the Committee on World War Veterans' Legislation.

By Mr. SWANK: A bill (H. R. 11854) granting a pension to Sarah E. Wilkerson; to the Committee on Invalid Pensions.

By Mr. SWICK: A bill (H. R. 11855) granting an increase of pension to Aldisa Black; to the Committee on Invalid Pensions.

By Mr. TABER: A bill (H. R. 11856) granting an increase of pension to Ellen Hewitt; to the Committee on Invalid Pensions.

By Mr. WHITLEY: A bill (H. R. 11857) granting an increase of pension to Louisa Blum; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11858) granting an increase of pension to Elvie I. Miller; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11859) granting an increase of pension to Alice R. Hollister; to the Committee on Invalid Pensions.

By Mr. WITHROW: A bill (H. R. 11860) granting an increase of pension to Mary Knadle; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

7385. By Mr. CULLEN: Petition of the New York Tow Boat Exchange, expressing the opinion that the functions and duties of the Steamboat Inspection Service have been carried out efficiently and satisfactorily to all concerned by its present administrative head, and urge that the present Supervising Inspector General of the Steamboat Inspection Service shall be retained as the directing head in the event the Bureau of Navigation and Steamboat Inspection Service are consolidated; to the Committee on Economy.

7386. By Mr. DeROUEN: Petition of J. S. Brock, Louisiana State bank commissioner, New Orleans, La., opposing the Glass banking bill and also the Steagall guaranty of deposits bill; to the Committee on Banking and Currency.

7387. By Mr. HERR: Petition of 600 citizens of Bremerton and Seattle, Wash., urging Congress to authorize funds for the immediate construction of a machine-shop building at the United States navy yard, Bremerton, Wash., and stating their approval of House bill 6018; to the Committee on Naval Affairs.

7388. By Mr. JAMES: Telegram from La Paige, adjutant of Cloverland Chapter, No. 23, American Legion, of Iron Mountain, Mich., requesting support of any motion made to strike out of economy measure items referring to veterans; to the Committee on Economy.

7389. Also, telegram from Marquette County Chapter, No. 22, Disabled Veterans of the World War, Marquette, Mich., requesting support of any motion to strike out of the economy measure all items referring to veterans; to the Committee on Economy.

7390. Also, telegram from Disabled American Veterans of the World War, Houghton County Chapter, No. 27, of Houghton County, Mich., through Bert M. Obenhoff, commander, asking support of any motion to strike out all items

in economy measure referring to veterans; to the Committee on Economy.

7391. By Mr. JOHNSON of Texas: Petition of R. S. Spaulding, E. D. Stratton, J. B. Scott, J. Carmichael, and Eugene Strange, committee, submitting resolutions adopted by citizens of Blum, Tex., favoring payment of adjusted-service certificates and opposing any reduction of benefits affecting World War veterans; to the Committee on Ways and Means.

7392. By Mr. RUDD: Petition of William H. Stanley (Inc.), New York City, favoring the Hawley bill with reference to duties on wood pulp, lumber, and other items, including salmon; to the Committee on Ways and Means.

7393. Also, petition of the New York Tow Boat Exchange, New York City, favoring the coordination and consolidation of the Bureau of Navigation and Steamboat Inspection Service to be known as the bureau of navigation and steamboat inspection service; to the Committee on Merchant Marine, Radio, and Fisheries.

7394. Also, petition of American Fruit Growers, New York Division, New York City, favoring reduction of governmental expenditures; to the Committee on Economy.

7395. By Mr. SELVIG: Petition of M. H. Dahl, Andrew Larson, and 81 other citizens of Hawley, Minn., and vicinity, urging enactment by Congress of the farmers' farm relief bill (Frazier bill) in order to free the farmer from the tremendous interest burden; to the Committee on Agriculture.

7396. By Mr. SMITH of West Virginia: Resolution of Groups 3 and 4 of the West Virginia Bankers Association, protesting against the amendment to the Glass bill making provision for state-wide branch banking for national banks; to the Committee on Banking and Currency.

7397. Also, resolution of Groups 3 and 4 of the West Virginia Bankers Association, protesting against the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7398. By Mr. STRONG of Pennsylvania: Petition of Woman's Home and Foreign Missionary Society of the Presbyterian Church of New Bethlehem, Pa., urging protection of reindeer herds in Alaska; to the Committee on the Territories.

7399. By Mr. SWANSON: Petition of James A. Walls and 110 others, of Fontanelle, Iowa, against any modification of the prohibition laws; to the Committee on the Judiciary.

7400. By Mr. THOMASON: Petition of certain railroad employees, supporting House bill 9891, and in opposition to House bill 10023, known as the railroad pension bills; to the Committee on Interstate and Foreign Commerce.

7401. Also, petition of citizens of El Paso, Tex., opposing further appropriations for able-bodied ex-service men; to the Committee on Ways and Means.

SENATE

WEDNESDAY, MAY 4, 1932

The Chaplain, Rev. Z. Barney T. Phillips, D. D., LL. D., offered the following prayer:

Almighty and most merciful Father, who through Thy blessed Son hast taught us to take no anxious thought for our life; help us to cast away all faithlessness and murmuring, that we may rely with perfect confidence upon Thy love and goodness, finding in our Saviour's life the guidance needful for our country's weal as to-day we walk with painful steps and slow. May Thy will be wholly done in us; and if this weary flesh would have aught else than what Thou deemest best, do Thou control and sustain us both in body and soul, that we, being submissive to Thy love, may find our rest in Thee both in the life that now is and in that perfect life which one day shall be ours. Through Jesus Christ our Lord. Amen.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of the legislative day of Friday last, when, on